



Michel Camdessus of France, managing director of the IMF, at a news conference Monday.

Soviet Commentators Urge More Openness From Military

By Celestine Bohlen

Washington Post Service

MOSCOW — Excessive secrecy about military spending and preparedness in the Soviet Union is outdated in the new era of openness, according to Soviet commentators writing in journals.

The challenge for more complete facts and figures from the powerful Ministry of Defense comes after

the Soviet leader, Mikhail S. Gorbachev, promised in an article published Sept. 17 to do "more work" on providing comparable military figures as a way of building East-West trust.

"I think that given proper effort," Mr. Gorbachev wrote in an article published in the Communist Party daily, Pravda, "already within the next two or three years we will be able to compare the figures that are of interest to us and our partners."

Soviet intentions to lift, at least partly, the cloak of secrecy that traditionally has surrounded its military establishment were confirmed in an article that appeared in the weekly Moscow News earlier this month.

The commentator, Viktor Zoppo, said the Soviet Union was prepared to publish "not only the budget

figures directly connected with expenditures by the U.S.S.R. Defense Ministry," but also those connected with the financing of research and development "and with the purchase of arms and military hardware."

The Soviet budget annually lists a figure for military spending which Western analysts view as grossly understated. The figure recently went up slightly, reaching 20.2 billion rubles (\$33.6 billion), or 4.6 percent of total state spending in 1987.

Writing the month in the Communist Party journal Kommunist, Stanislav Kondrashov, a well-known international commentator for the government newspaper Izvestia, said the lack of "necessary information about military and

See SOVIET, Page 2

Kiosk

Schroeder Out Of '88 Race

DENVER (AP) — Representative Patricia Schroeder of Colorado announced Monday that she will not seek the 1988 Democratic presidential nomination.

"Mrs. Schroeder, 47, told the crowd gathered in the city's Civic Center Park: 'I learned a lot about America and I learned a lot about Pat Schroeder. That's why I will not be a candidate for president. I could not figure out how to run.'"

Her decision leaves five announced candidates and one unannounced contender in the Democratic field. (Related story, Page 3.)

Patricia Schroeder fighting back tears during her announcement.

GENERAL NEWS

■ The White House denied that President Reagan authorized a secret attempt to kill a Lebanese State leader. Page 3.

BUSINESS/FINANCE

■ U.S. investor takes a 12 percent stake in Salomon Brothers Inc. Page 15.

Dow close: UP 31.33
The dollar in New York:
DM 1.639 144.35 6.0905

In N.Y., a Killing Pierces Silence on an Old Taboo

By Dena Klcman

New York Times Service
NEW YORK — When all had been said and done, and all the neighbors and friends who testified that they had suspected sexual abuse but had never done anything had gone home, the judge in the Cheryl Pierson case still wanted to know one thing:

Why had Miss Pierson, "who says she hit her high school classmate to kill her father because he had sexually abused her, never told anyone about the abuse or sought help?"

"It would have taken very little," the judge, Acting Supreme Court Justice Harvey W. Sherman, said last week at the close of Miss Pierson's pre-sentencing hearing in Riverhead, New York. "It is most troublesome to this court."

In many ways, this silence by the 18-year-old former cheerleader and by so many neighbors and friends lies at the heart of the case, for the

judge, for the prosecution and for the defense.

Whatever may have happened in the Pierson home and whatever Judge Sherman decides, this silence and the way it has now been broken in open court has focused new attention on a subject long buried in secrecy.

In many ways incest is society's last unspeakable taboo. As Miss Pierson's case has attracted attention around the United States, psychiatrists, social workers and others say the public debate has helped pierce the silence that permits incest and similar forms of sexual abuse to continue.

"The essence of incest is secrecy," said Dr. Judith L. Herman, assistant clinical professor of psychiatry at the Harvard Medical School and author of the book "Father-Daughter Incest." "Anything that breaks the silence — breaks the taboo on talking about it — See TABOO, Page 2

IMF Sees Long Debt Struggle

Admits Rates Are High but Affirms Baker Strategy

By Hobart Rowen

Washington Post Service

WASHINGTON — Although resolution of the Third World debt problem "is likely to take longer than was expected," the basic debt strategy devised two years ago by Treasury Secretary James A. Baker 3d should not be altered, the leading political figures who manage the International Monetary Fund said Monday.

The IMF's Interim Committee, which convened here over the weekend prior to the opening Tuesday morning of the annual IMF-World Bank meeting, admitted that the debt crisis was not responding to help as quickly as had been hoped, in part because of low commodity prices and a recent trend of high interest rates.

But in a long communiqué, the Interim Committee — to the dismay of attending Third World participants — urged that nations stay pretty much with the Baker "case-by-case" approach to debt strategy, except for modest refinements in the form of "market-oriented options" that the banks might substitute for traditional loans.

"This is the only way in which adjustment programs and financing flows can be tailored to individual country circumstances," the communiqué said.

Mr. Baker, meanwhile, lent some support Monday to a new request by Brazil to renegotiate \$68 billion of foreign bank debt by saying it was not necessary that it first reach an accord with the IMF.

Mr. Baker's debt plan, unveiled two years ago at the annual IMF-World Bank meeting in Seoul, called on the multilateral and commercial banks to expand their loans to 15 major debtor countries on the condition that those countries undertake specific economic reforms to boost efficiency and economic growth.

But the debtor countries have openly and bitterly challenged the Baker plan, warning that they see it as a stand-pat policy that could lead to defaults.

A report over the weekend by the Group of 24, a steering committee

See IMF, Page 21

NYSE Up Sharply On Dollar Accord

Prices on the New York Stock Exchange rose sharply Monday in response to a stronger dollar that was bolstered by the Group of Seven.

Dr. Lown said the message "had a personal flavor. I have seen Mr. Gorbachev three times for a total of eight hours. I have no doubts whatsoever it came from him."

See WORK, Page 2

The Dow Jones industrial index climbed 31.33 to close at 2,601.50. Trading was active. Page 16.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush

led the crowd of several thousand.

The crowd responded with chants for Solidarity. Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Wojciech," they shouted at one point, referring to the Polish leader, General Wojciech Jaruzelski.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush

led the crowd of several thousand.

The crowd responded with chants for Solidarity. Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Wojciech," they shouted at one point, referring to the Polish leader, General Wojciech Jaruzelski.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush

led the crowd of several thousand.

The crowd responded with chants for Solidarity. Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Wojciech," they shouted at one point, referring to the Polish leader, General Wojciech Jaruzelski.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush

led the crowd of several thousand.

The crowd responded with chants for Solidarity. Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Wojciech," they shouted at one point, referring to the Polish leader, General Wojciech Jaruzelski.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush

led the crowd of several thousand.

The crowd responded with chants for Solidarity. Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Wojciech," they shouted at one point, referring to the Polish leader, General Wojciech Jaruzelski.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush

led the crowd of several thousand.

The crowd responded with chants for Solidarity. Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Wojciech," they shouted at one point, referring to the Polish leader, General Wojciech Jaruzelski.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush

led the crowd of several thousand.

The crowd responded with chants for Solidarity. Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Wojciech," they shouted at one point, referring to the Polish leader, General Wojciech Jaruzelski.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush

led the crowd of several thousand.

The crowd responded with chants for Solidarity. Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Wojciech," they shouted at one point, referring to the Polish leader, General Wojciech Jaruzelski.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush

led the crowd of several thousand.

The crowd responded with chants for Solidarity. Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Wojciech," they shouted at one point, referring to the Polish leader, General Wojciech Jaruzelski.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush

led the crowd of several thousand.

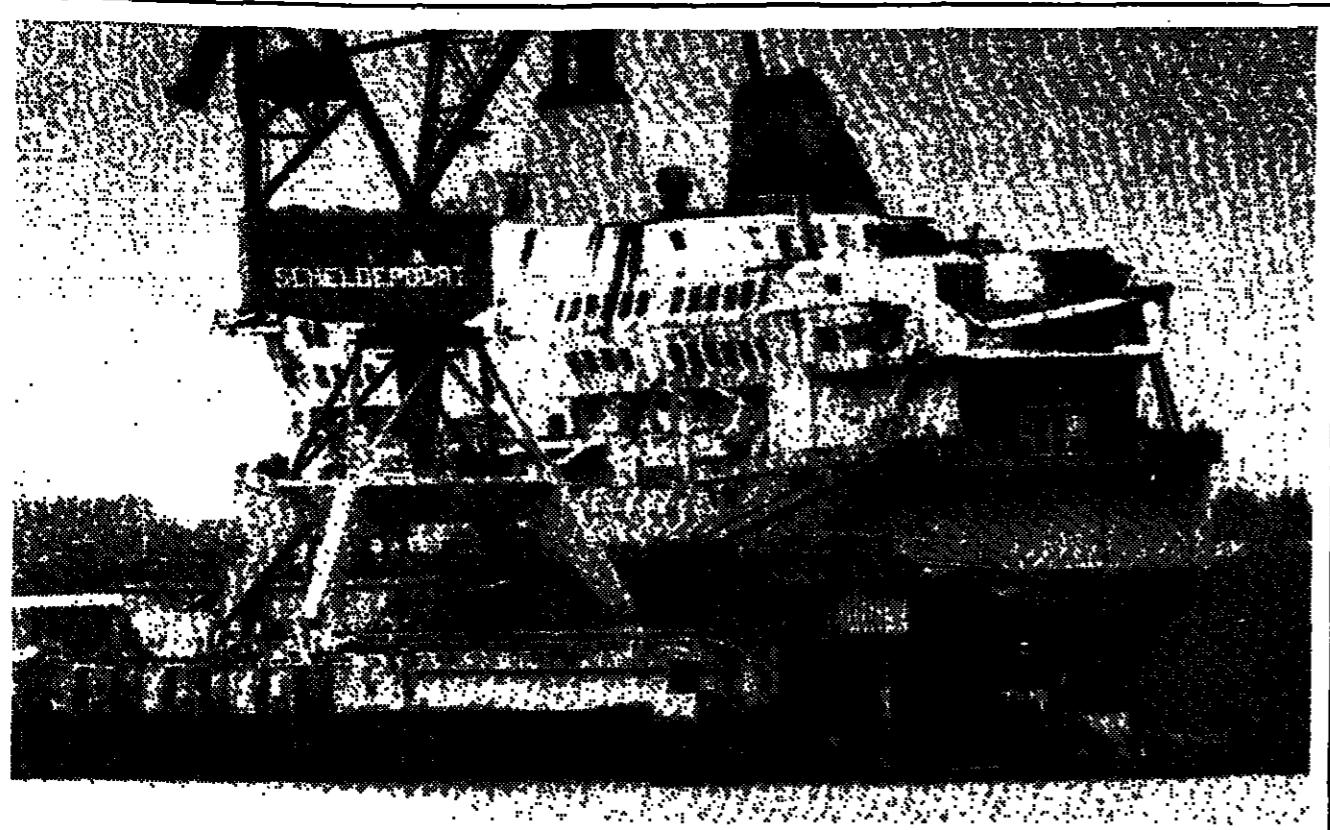
The crowd responded with chants for Solidarity. Mr. Bush, Mr. Walesa and President Ronald Reagan. "We want Lech, not Wojciech," they shouted at one point, referring to the Polish leader, General Wojciech Jaruzelski.

The church appearance was designed to boost Mr. Bush's presidential campaign as well as Solidarity. Bush aides gave special access to a camera crew hired by his campaign to tape the vice president and the Solidarity leader before the tumultuous crowd. The church yard was bedecked with Solidarity banners, flowers and candles.

Mr. Bush's two politically-charged public appearances overshadowed his third day of talks with government officials and the

wave of Solidarity's victory sign at an enthusiastic crowd.

"I am proud to be standing next to Lech Walesa, a man so respected in the United States," Mr. Bush



Herald of Free Enterprise Makes Its Final Voyage

The Herald of Free Enterprise, the British ferry that capsized at Zeebrugge, Belgium, killing 189 people, has been sold for scrap.

its owners said Monday. It will be towed from Vlissingen, the Netherlands, to a Mediterranean port, where it will be broken up.

SOVIET: Military Openness

(Continued from Page 1)

military-political affairs" hampers Soviet journalists in their work. "It is no secret," he wrote, "that some of our military secrets, touching on the number and military characteristics of various nuclear missiles, have not been a secret for a long time abroad, thanks to space and electronic intelligence."

Piotr Cherkasov, in a book review appearing in the journal Novi Mir, complained that Soviet diplomats, experts and international commentators must rely on military figures published in Western publications.

"What we need are more detailed official calculations of the balance of military potentials, facts about military budgets and other information of a military character, which incidentally does not represent a great secret for our opponent but rather is consciously distorted by him," he said.

Mr. Cherkasov also complained that the Soviet literature about disarmament suffers from "dilettantism" and skims over a technical approach.

The Soviet public's ignorance about its own military affairs was made startlingly clear this spring when Prime Minister Margaret Thatcher of Britain, interviewed on Soviet television, informed viewers for the first time that Moscow was ringed by an anti-ballistic missile system and that the Soviet Union had been the first to deploy medium-range nuclear weapons in Europe.

In a speech in Los Angeles last month, President Ronald Reagan raised Soviet secrecy about military spending as an impediment to developing improved relations and called for more *glasnost*, or openness, in the Soviet military.

Since May, when a West German pilot landed near Red Square and set in motion a major upheaval in the defense establishment, the Soviet military has moved to reveal some of its long-held secrets. Most Western analysts attribute the sudden opening to the shake-up.

Earlier this month a U.S. congressional delegation was taken on a surprise visit to radar facilities at Krasnoyarsk. This weekend, a group of Western journalists and experts will be taken on a tour of a chemical-weapons production plant on the Volga River.

Quake Hits South Pacific

United Press International

HONOLULU — A strong earthquake and an aftershock struck the South Pacific Island nation of Vanuatu early Monday, but they were not strong enough to generate a tidal wave, scientists said. There were no reports of damage.

The flavour of an island in a single malt.



TABOO: Murder of an Abused Girl's Father Ends Conspiracy of Silence

(Continued from Page 1)

makes it more possible for victims and others to speak out."

At a time when it appears that society is beginning to confront incest, in large part because of the attention being given to marital rape and battered wives, reports of sexual abuse of children have risen sharply.

In 1976 there were 6,000 reports of such abuse across the United States. By 1985 the number had reached 113,000, the vast majority involving parents and other relatives of the victim, according to the American Humane Association in Denver, a private group that seeks to protect children and animals.

Experts believe the number of cases reported is still a fraction of what remains hidden. Among other reasons, incest cuts to the core of many cherished principles about the American family — privacy, parental control, marital sex, discipline, trust — so it remains uncomfortable and deeply disturbing.

For members of the family, the suggestion of a sexual relationship between a parent and a child is so devastating, psychiatrists say, that they prefer to deny that the problem exists rather than seek help.

In the Pierson case, the prosecutor, Edward Jablonski, has contended that because Miss Pierson never told anyone, no one can know if she was sexually abused. And even if she was, he has argued, she had alternatives to murder.

The defense has maintained that because of the nature of incest, Miss Pierson could not speak out. From her perspective, having her father killed was the only escape, her lawyer, Paul Giannelli, said.

Why Miss Pierson could not tell anyone is a complex question, the psychiatrists at her hearing testified. It is not unlike the question of why women who are raped often do not scream. It has no simple answer, they say, but fear, shame and denial play roles. In the case of incest, another factor is a desire by an already severely insecure child to keep the family intact.

There is a recognition on the part of everyone that once the incest is disclosed there will be enormous upheaval and nothing will ever be the same," said Dr. David Finkelhor, director of the Family Research Laboratory at the University of New Hampshire.

The Pierson family in many ways was average. They lived in Selden, a blue-collar town in the center of Long Island. James Pierson, a 42-year-old father of three, was an electrician. Cheryl, then 16, was a co-captain of the Newfield High School junior varsity cheerleading squad. The two other children were James Jr., 19, who no longer lived at home, and JoAnne, 7.

When Mr. Pierson was fatally shot in his driveway on Feb. 5, 1986, no one at first could imagine why. When it turned out, after police received a tip from someone at the high school, that the murder was engineered by his daughter because she said, her father had sexually abused her, the community was stunned.

"Protecting the parent is the child's way of maintaining hope," said Dr. Alvin Rosenfeld, director of psychiatry for the Jewish Child Care Association of New York.

Although Miss Pierson said she did not believe her mother was aware of the abuse, testimony at the hearing appeared to indicate

Cathleen, who died in February 1985 of kidney disease.

Miss Pierson said she decided to have her father murdered after becoming worried that he would abuse her sister.

The psychiatrists who testified and other psychiatrists around the country said the Piersons could be a textbook example of an incest family and of the intricate psychological mechanisms that make disclosure unlikely.

As the psychiatrists explained, sexual abuse, unlike physical abuse, is not usually immediately apparent to outsiders. Nor, at first, is it always regarded as obviously wrong by the child, and may initially be confused with affection.

Miss Pierson pleaded guilty to manslaughter in March, along with Sean Pica, 18, who did the shooting and was paid \$400. He was sen-

tenced to 24 years in prison and will be eligible for parole after eight years.

Under terms of Miss Pierson's plea bargain, she faces a maximum of six years in prison, with eligibility for parole after two years. However, Judge Sherman could sentence her to probation.

Miss Pierson, who is to be sentenced Monday, was asked during the hearing about a eulogy she had written for her father that was read the day he was buried.

"Was that about your father or someone else?" asked Mr. Jablonski, the prosecutor.

"It was what I wished my father would have been," she replied. "I'd love him very much. He was a good provider for my family. The other half I didn't write."

Miss Pierson said at the pre-sentencing hearing that her father approached her sexually for the first time when she was 11, during the long car trips to visit her mother in the hospital. She said he fondled her chest and legs.

"I just thought he was showing me affection," she testified, adding that she initially welcomed these attentions and regarded them as a sign of love at a time of stress.

"He told me he was touching me because he loved me," she said, adding that, even after she realized her father's actions were wrong, she never told her mother because she was worried about her illness. She said she believed that if she could only keep her father happy and wait until her mother got healthy, he had alternatives to murder.

The defense has maintained that because of the nature of incest, Miss Pierson could not speak out. From her perspective, having her father killed was the only escape, her lawyer, Paul Giannelli, said.

Why Miss Pierson could not tell anyone is a complex question, the psychiatrists at her hearing testified. It is not unlike the question of why women who are raped often do not scream. It has no simple answer, they say, but fear, shame and denial play roles. In the case of incest, another factor is a desire by an already severely insecure child to keep the family intact.

There is a recognition on the part of everyone that once the incest is disclosed there will be enormous upheaval and nothing will ever be the same," said Dr. David Finkelhor, director of the Family Research Laboratory at the University of New Hampshire.

The Pierson family in many ways was average. They lived in Selden, a blue-collar town in the center of Long Island. James Pierson, a 42-year-old father of three, was an electrician. Cheryl, then 16, was a co-captain of the Newfield High School junior varsity cheerleading squad. The two other children were James Jr., 19, who no longer lived at home, and JoAnne, 7.

When Mr. Pierson was fatally shot in his driveway on Feb. 5, 1986, no one at first could imagine why. When it turned out, after police received a tip from someone at the high school, that the murder was engineered by his daughter because she said, her father had sexually abused her, the community was stunned.

It was not only the violence that was a shock. There had been what appeared to be a loving relationship between Miss Pierson and her father, particularly after the long illness of Miss Pierson's mother,

At her hearing Miss Pierson described how she put a pillow over her face while being forced to have sexual intercourse with her father, in order to shut out the horror of the experience.

At her hearing Miss Pierson described how she put a pillow over her face while being forced to have sexual intercourse with her father, in order to shut out the horror of the experience.

Because abused children learn to cope with the abuse, psychiatrists say, they are often torn between wanting to disclose the abuse and wanting to keep it secret. To tell someone is to admit that they have done something terribly wrong, and at the same time to risk destroying what remains of an already fragile family unit.

"Protecting the parent is the child's way of maintaining hope," said Dr. Alvin Rosenfeld, director of psychiatry for the Jewish Child Care Association of New York.

Although Miss Pierson said she did not believe her mother was aware of the abuse, testimony at the hearing appeared to indicate

that Mrs. Pierson did suspect it and had told a stepbrother that she knew it was going on but could not do anything about it.

In the most dramatic part of the hearing, the stepbrother, Jay Fleckstein of Tucson, Arizona, broke his silence after seeing a televised report about the case in which Miss Pierson's paternal grandmother said she did not believe that Miss Pierson had been sexually abused.

"The most shocking silence was the silence of Cathleen Pierson," Mr. Gianelli, Miss Pierson's attorney, said in his closing remarks, in trying to explain why Miss Pierson herself had not spoken out.

Miss Pierson pleaded guilty to manslaughter in March, along with Sean Pica, 18, who did the shooting and was paid \$400. He was sen-

tenced to 24 years in prison and will be eligible for parole after eight years.

Under terms of Miss Pierson's plea bargain, she faces a maximum of six years in prison, with eligibility for parole after two years. However, Judge Sherman could sentence her to probation.

Miss Pierson, who is to be sentenced Monday, was asked during the hearing about a eulogy she had written for her father that was read the day he was buried.

"Was that about your father or someone else?" asked Mr. Jablonski, the prosecutor.

"It was what I wished my father would have been," she replied. "I'd love him very much. He was a good provider for my family. The other half I didn't write."

Miss Pierson said at the pre-sentencing hearing that her father approached her sexually for the first time when she was 11, during the long car trips to visit her mother in the hospital. She said he fondled her chest and legs.

"I just thought he was showing me affection," she testified, adding that she initially welcomed these attentions and regarded them as a sign of love at a time of stress.

"He told me he was touching me because he loved me," she said, adding that, even after she realized her father's actions were wrong, she never told her mother because she was worried about her illness.

From the Associated Press

PIERSON, 18, was sentenced to 24 years in prison and will be eligible for parole after eight years.

Under terms of Miss Pierson's plea bargain, she faces a maximum of six years in prison, with eligibility for parole after two years. However, Judge Sherman could sentence her to probation.

Miss Pierson, who is to be sentenced Monday, was asked during the hearing about a eulogy she had written for her father that was read the day he was buried.

"Was that about your father or someone else?" asked Mr. Jablonski, the prosecutor.

"It was what I wished my father would have been," she replied. "I'd love him very much. He was a good provider for my family. The other half I didn't write."

Miss Pierson said at the pre-sentencing hearing that her father approached her sexually for the first time when she was 11, during the long car trips to visit her mother in the hospital. She said he fondled her chest and legs.

"I just thought he was showing me affection," she testified, adding that she initially welcomed these attentions and regarded them as a sign of love at a time of stress.

"He told me he was touching me because he loved me," she said, adding that, even after she realized her father's actions were wrong, she never told her mother because she was worried about her illness.

From the Associated Press

PIERSON, 18, was sentenced to 24 years in prison and will be eligible for parole after eight years.

Under terms of Miss Pierson's plea bargain, she faces a maximum of six years in prison, with eligibility for parole after two years. However, Judge Sherman could sentence her to probation.

Miss Pierson, who is to be sentenced Monday, was asked during the hearing about a eulogy she had written for her father that was read the day he was buried.

"Was that about your father or someone else?" asked Mr. Jablonski, the prosecutor.

"It was what I wished my father would have been," she replied. "I'd love him very much. He was a good provider for my family. The other half I didn't write."

Miss Pierson said at the pre-sentencing hearing that her father approached her sexually for the first time when she was 11, during the long car trips to visit her mother in the hospital. She said he fondled her chest and legs.

"I just thought he was showing me affection," she testified, adding that she initially welcomed these attentions and regarded them as a sign of love at a time of stress.

"He told me he was touching me because he loved me," she said, adding that, even after she realized her father's actions were wrong, she never told her mother because she was worried about her illness.

From the Associated Press

PIERSON, 18, was sentenced to 24 years in prison and will be eligible for parole after eight years.

Under terms of Miss Pierson's plea bargain, she faces a maximum of six years in prison, with eligibility for parole after two years. However, Judge Sherman could sentence her to probation.

Miss Pierson, who is to be sentenced Monday, was asked during the hearing about a eulogy she had written for her father that was read the day he was buried.

"Was that about your father or someone else?" asked Mr. Jablonski, the prosecutor.

"It was what I wished my father would have been," she replied. "I'd love him very much. He was a good provider for my family. The other half I didn't write."

Miss Pierson said at the pre-sentencing hearing that her father approached her sexually for the first time when she was 11, during the long car trips to visit her mother in the hospital. She said he fondled her chest and legs.

"I just thought he was showing me affection," she testified, adding that she initially welcomed these attentions and regarded them as a sign of love at a time of stress.

"He told me he was touching me because he loved me," she said, adding that, even after she realized her father's actions were wrong, she never told her mother because she was worried about her illness.

From the Associated Press

PIERSON, 18, was sentenced to 24 years in prison and will be eligible for parole after eight years.

Under terms of Miss Pierson's plea bargain, she faces a maximum of six years in prison, with eligibility for parole after two years. However, Judge Sherman could sentence her to probation.

Miss Pierson, who is to be sentenced Monday, was asked during the hearing about a eulogy she had written for her father that was read the day he was buried.

"Was that about your father or someone else?" asked Mr. Jablonski, the prosecutor.

"It was what I wished my father would have been," she replied. "I'd love him very much. He was a good provider for my family. The other half I didn't write."

Miss Pierson said at the pre-sentencing hearing that her father approached her sexually for the first time when she was 11, during the long car trips to visit her mother in the hospital. She said he fondled her chest and legs.

"I just thought he was showing me affection," she testified, adding that she initially welcomed these attentions and regarded them as a sign of love at a time of stress.

"He told me he was touching me because he loved me," she said, adding that, even after she realized her father's actions were wrong, she never told her mother because she was worried about her illness.

From the Associated Press

PIERSON, 18, was sentenced to 24 years in prison and will be eligible for parole after eight years.

Under terms of Miss Pierson's plea

OPINION

The Problem With 'Stealth'
Is the Way It Hides Its Flaws

By William Safire

WAshington — You're a nut who loves driving fast. Your "fuzz buster" warns that your speeding vehicle is being tracked by a state trooper's radar. What to do?

You stop, hop out and redesign your car. To reduce the radar cross section, you smooth out all sharp corners, conceal all air intakes and exhausts, bury the engine deep within curvaceous ducts, and break off the telephone antenna.

Because your metal surface bounces microwaves back to the radar screen, you paint on a carbon-fiber epoxy, or spray on a ferromagnetic material from your stereo's recording tape — either of which will soak up the searching waves and interfere with the radar echo.

You rub that glossy plastic covering with grayish dirt to give the surface a non-reflective matte finish. Finally, to jam the local cop's higher-frequency radars, you turn on your "spoofers" and zoom off.

You'll wind up in jail, but with the satisfaction of being the first in your cell block to have applied Krasnouyanik-defying Stealth technology to your car.

Men mention of the word "stealth" sets off all the recording equipment in the National Security Agency's big lab. By what right do I spill America's most intimate defense secrets in this space?

I read it all in Popular Science a year ago, and those guys figured it out from common knowledge and common sense. Moreover, the KGB can get a fix on the status of the Advanced Technology Bomber from reading the quarterly financial reports issued by Northrop.

Apparently there are big problems with Stealth. Northrop recently reported a \$124 million write-down partly because it had to apply money formerly allocated to production back to research costs. Stockholders in Moscow's Dzerzhinsky Square know that this points to the same kinds of technical setbacks

Affordable Defense

CONGRESS has pumped close to \$2 trillion into the military budget in the last six years, yet military commanders continue to complain that they do not have enough resources to carry out a wartime mission. What can be done?

First, military planners should devise an affordable strategy. That means shunning outdated ambitions and giving greater weight to the capabilities of our allies in calculating resource requirements. Second, overpriced programs like the Strategic Defense Initiative, small intercontinental ballistic missiles, the Bradley fighting vehicle and V-22 aircraft, will have to be curtailed in favor of less costly but more effective alternatives.

Placing quantity before quality would yield greater military strength at less cost.

— Lowell Weicker Jr., Republican of Connecticut, in *The New York Times*.

leading to cost overruns and delays that were associated with the older B-1.

Thanks to a sensible acquisition policy put in place by Cap Weinberger, the financial risk in weapons research is borne exclusively by the taxpayer. But if Stealth is stumbling now, a scandal may be brewing that will explode in the next president's administration.

We're talking big bucks, mysteriously buried (\$10 billion a year?), as well as fierce internal strategic competition, conducted in what I suspect is unnecessary secrecy. In the Pentagon, the "star wars" crowd is competing with the Stealth cluster for a share of the budget pie, and both are fighting the conventional weaponry set. But because Stealth cannot be openly discussed, the normal public debate about manned aircraft strategy is suppressed.

It is not even admitted that 50 Stealth aircraft are already operational in Nevada. These are not bombers but fighters produced in Lockheed's California "Skunk Works" (and presumably funded by Kickapoo Joy Juice). They are called "see-sirs," for CSIRS, "Covert Survivable In-Weather Reconnaissance Strike" aircraft, which is Pentagonese for "it's kind of hard to spot them in the rain."

If these F-19 Nighthawk fighters are as "low observable" as the designers hoped, we can expect stealthification to work on the B-2 bombers, too, and the Pentagon will be able to paint cruise missiles with the new invisible ink and sing "Over the Tropic Rainbow."

But hold on: What if some radar-hacking trooper comes up with a new way to re-jigger his radar to nab the super-smart speeders who rubs gray dirt on his epoxy finish? Are Americans prudent to bet so much of the budget on a technology that may be quickly countered or overwhelmed? And aren't both superpowers working on super-radar to see Stealth missiles?

Maybe the B-2 Stealth bomber will turn out to be all it was cracked up to be. But maybe the recent suggestion by Les Aspin, chairman of the House Armed Services Committee, that the subsystems (engines, avionics) be opened to competition is a hint that the bomber of the future is in real trouble.

We do not know. Nor do we know if reliance on manned bombers is slowing "star wars" development or undercutting conventional weaponry. That is what bothers me about the sacrosanct Stealth program. The oversight committees may or may not be doing their job, but thanks to superscrecy we will not know until it is too late.

Hold tight to the secrets on the details, but open up the debate about the strategy. America may want to press ahead with military technology during the new detente, but it must not let problems in Stealth creep up on it.

— Lowell Weicker Jr., Republican of Connecticut, in *The New York Times*.



From U2, Music of Purpose and Compassion

By Colman McCarthy

WASHINGTON — If you have listened to teen-agers lately — I get the mind-thrill every evening at dinner, times three — be comforted, not alarmed, when they speak of rock music in one sentence and Amnesty International in the next. They're U2 kids.

U2 is the band from Dublin whose sixth album, "The Joshua Tree," was at the top of Billboard's chart for nine weeks this spring. In April the four Irish rockers were on the cover of Time magazine. Last week, Bono Hewson, the band's singer and songwriter, was on the front of Rolling Stone, with a 3,000-word interview inside. The group is currently touring the United States, playing in 46 stadiums and arenas with ticket sales already beyond 1.5 million.

What's it all about? U2 produces music the way Patrick Kavanagh did poetry and Sean O'Casey prose: with a passion that touches the heart and a purpose that raises the mind. The other evening in Robert F. Kennedy Stadium here, 45,000 people assembled for a concert in which Bono sang of Martin Luther King Jr., El Salvador and Northern Ireland.

One of the loudest thunderings of applause came when Bono Hewson sang of Amnesty International and of his commitment to getting political prisoners out of the world's jails. Spontaneously, two members of the audience came onstage and unfurled a wide banner lettered with one word, AMNESTY, and painted with the peace symbol. That evoked another roar of approval.

When kids pile into a car and say they are heading into the night for a rock

concert, some parents either start phoning other parents to spread the worry ("I just know they'll be smoking pot") or silently thank the members of the anti-dirty-lyrics campaign. There is another option for parents, at least if it's a U2 concert: Go, look and listen. U2 tells them they owe a debt to life.

U2 echoes the message of Martin Luther King: Be other-centered, not self-centered. Someone in the audience must

MEANWHILE

be listening. In the year that U2 has made Amnesty International part of the evening, U.S. membership has increased by 100,000, to 265,000. The number of Amnesty chapters in high schools and colleges has gone from 250 to 510.

The band's members do not hype themselves as world-savers. They are, after all, from a land with a reverence to preaching. "There is a radical side to Christianity that I am attracted to," Bono Hewson says in Rolling Stone. "And I think without a commitment to social justice it is empty. Are they putting money into AIDS research? Are they investing in hospitals so the lame can walk? So the blind can see? Is there a commitment to the poor fed? Why are people left on the side of the road in the United States? Why, in the West, do we spend so much money on extending the arms race instead of wiping out malaria, which could be eradicated given 10 min-

utes' worth of the world's arms budget?"

Some would put that down as the standard line of the utopian left. Some do not want the young to have their chance at reforming the world.

Would U2 buy that line, considering it is part of an industry that gives us the Sex Pistols, Boy George, Twisted Sister and surprise queens like Mick Jagger? "No longer do fans of music run the music business," Bono Hewson says. "Fans of music run the music business."

U2 is distinct, first, because four teenagers came together in 1978 in a Dublin kitchen — to create hummimg, beautiful sounds and, second, because U2's call to action begins with the inner self. "I'm more interested in ... a revolution of love," Mr. Hewson says. "I believe that if you want to start a revolution, you'd better start [it] in your own home and your own way of thinking and of relating to the men and women around you."

In Washington, a Georgetown University student wrote to a friend about "the peaceful experience of last night's U2 concert. With the stadium in total darkness, the night pierced by the lights of thousands of lighters and tens of thousands of voices raised in one song, there was an eerie, peaceful, almost religious sense to it. The song was the refrain, not to entice the band into coming back — we knew it wouldn't. We were singing for ourselves."

A dreamy idealist? A self-centered college kid? Neither.

The Washington Post.

LETTERS TO THE EDITOR

A Mosaic of Tolerance

I must object to Michael Richardson's report "Ethnic Tension Grows in Malaysia, Especially Among Young" (Sept. 17) for two main reasons. First, in the international context and national perspective, Mr. Richardson paints an alarmist picture of the deterioration of the multi-racial situation in Malaysia. Second, the article does not merit front-page placement, as the events the writer describes are quite ordinary.

Malaysia, a nation whose people are of various races, varied backgrounds and unequal economic standing, is likely to have ongoing debates aimed at achieving the maximum material and spiritual satisfaction for all communities.

Ours is a unique society, a mosaic of considerable tolerance and harmony.

DATUK ISMAIL AMBIA.

Ambassador of Malaysia.

Paris.

'Savaging' Senator Kennedy

In spending most of his opinion column, "And in the Opposite Corner, a Senator Out of His Depth" (Sept. 22), savaging Senator Edward Kennedy's intelligence and performance during the Robert Bork confirmation hearings,

William Safire forgets two salient facts: (1) Mr. Kennedy has not been nominated to the Supreme Court, and (2) he was elected to his post by a majority of the voters of Massachusetts, which is more than can be said for Mr. Safire.

SAMUEL C. RICKLESS.

Oxford, England.

What a pitiful display of character marauding is Mr. Safire's column on Senator Kennedy. We hadn't witnessed such a tirade since the radical right foamed at the mouth during the senator's 1980 presidential campaign. What is glaringly absent from the column is some intelligible appraisal of the fitness of Judge Robert Bork, which is all that really matters. Please inform Mr. Safire that Senator Kennedy has not yet announced his candidacy for president in 1988, and isn't likely to.

JOSEPH MAKHOLM.

Paris.

Nothing disgusts me more than to see Senator Kennedy preaching about morals. His statement that they "should be no seat on the Supreme Court for Robert Bork" is replete with gross irony.

I would guess that Mr. Kennedy dislikes Mr. Bork because he knows Bork as judge would have locked him behind

bars for 20 years after the incident at Chappaquiddick. This adds to the irony that Mr. Kennedy thinks he can speak for society's downtrodden people.

For the record, I am not a "Kennedy hater." Robert Kennedy was my political idol for many years.

DAVID LIGHTLE.

Taipei.

Official An Pair Programs

I am disturbed to find that your classified section frequently carries advertisements for pair positions in America. Except in a very few cases, entry into the United States for this purpose is illegal. The families providing these positions in the United States are not only depriving American citizens and legal residents of paid employment, they are taking advantage of young girls whose "English improvement" often consists solely of conversing with 5-year-olds. What they receive is not sufficient compensation for their services, and they often do not have the freedom to enjoy the benefits of a real exchange experience.

Two official U.S. government-sanctioned programs, "An Pair in America" and "An Pair Homestay U.S.A.," offer American host families and European

an pairs a type of cultural enrichment satisfying to both parties without taking advantage of either. These programs screen both parents and ensure that the U.S. labor market will not be overly hurt. Details are available through the U.S. Information Service.

DAVIDE L. GESTELAND.

Frankfurt.

A 'Speech' Unspoken

In "A Fine Line for Orators Who Use Others' Ideas" (Sept. 22), Clifford D. May writes that "Alexander Hamilton may have had a hand in drafting Washington's farewell speech." Contrary to what many people believe, George

Washington's "Farewell Address" of 1776 was never delivered by him as a speech. It was published in a newspaper.

BERNARD SINSHIMER.

Boulogne-Billancourt, France.

Sowing Distrust and Hatred

Many of my relatives perished in the Holocaust, and this makes me especially sensitive to anti-Semitism, racism and other hateful ideologies. That is why I found Bill Keller's report "Girl in the Photo: Hero or Unknown?" (Sept. 16) so painful. Let the Soviets clarify the true identity of the courageous young partisan in the photo.

LOTTE COHEN.

Zurich.

They'd Pan That, Too

In "Literary Brat Pack: Young, Brash, Rich" (Sept. 19), the editorial director at The Atlantic Monthly Press asserts that if novelist Jay McInerney had "written the St. James Bible ... people would have panned it." But suppose Mr. McInerney had written the King James version of the Bible?

REGAN CHARLES.

Levallois-Perret, France.

Beauty brings its own rewards.

This time round, it's called the "Car Design Award." An accolade jealously presented just once a year. And in 1987, that was to the BMW 7 Series design team.

What impressed the jury most were the pure aesthetics of the functional design and the way they so successfully married uncompromising technology with unblemished beauty.

And, in that respect, it's worth remembering something that's more true today than ever before: any car manufacturer who these days regards design as an end in itself, immediately puts himself in a technology straitjacket. Truly great design always possesses one invisible ingredient: function.

That principle was written into the BMW philosophy from the very beginning. So when BMW engineers and designers are developing a new car, they always have concrete objectives in their minds. The way they achieve these frequently tough and conflicting aims is a creative process where only the perfect combination of drag efficiency, comfort and personality has a place. The outward appearance of a BMW, therefore, will never be the result of a compromise, but much more frequently of a completely new design route.

But for BMW functional aesthetics are never confined just to the outside. Even the engines, from the very first development stage, are co-created by the design team. And perhaps that's why so many BMW drivers have this beguiling habit of now and again looking under the bonnet for no apparent good reason. Except to remind themselves of one of the hidden beauties of their BMW.



Beauty is just one of the beauties of a BMW.

Politics in South Korea Shifts Again as 3d Kim Reappears on the Scene

By Fred Hiatt
Washington Post Service

SEOUL — Kim Jong Pil, one of the most powerful men in Korea until he was forced to retire in disgrace seven years ago, announced Monday that he will attempt a political comeback, adding new drama to South Korea's first genuine presidential election in 16 years.

Kim Jong Pil, stopped short of formally announcing his candidacy. But, before 3,000 cheering supporters, letting balloons decorated with his bespectacled likeness, the former prime minister announced formation of a new political party and made his intentions clear:

"I am going to bare my soul to the people." Mr. Kim Jong Pil, 61, said at his home after the rally. "I only want to receive a fair hearing, an honest judgment, from the people."

Mr. Kim Jong Pil's candidacy is viewed as a longshot, but as a dominant figure in Korean politics for much of the past three decades he cannot be discounted. Even if he cannot win, Kim Jong Pil could play an unpredictable role in what may be a four-way race, perhaps taking enough votes from

the ruling party candidate, Roh Tae Woo, to deny him victory.

Since he was humiliated by Mr. Roh and the other relatively junior officers who took power in a 1980 coup, Kim Jong Pil has been the "third Kim" of Korean politics — far less a presence than opposition leaders Kim Dae Jung and Kim Young Sam. But as a lieutenant colonel in 1961, Kim Jong Pil helped engineer an earlier coup that brought Park Chung Hee to power — and then served as Mr. Park's second-in-command for nearly two decades.

The two other Kims have been jockeying for leadership of the opposition movement since widespread demonstrations in June forced the government to agree to direct presidential elections, now set for December. They are scheduled to meet again Tuesday, having promised to unite behind a single candidate by this week.

Either of the opposition Kims would be aided by the candidacy of Kim Jong Pil, which would appeal to many of the same conservative voters that Mr. Roh hopes to attract, according to many politicians here. But the election, the first after years of military rule, might feature



Kim Jong Pil announced his political comeback before a rally of 3,000 supporters Monday.

all three Kims and Mr. Roh as candidates, a scenario too complex for all but the most foreshadowed odds.

Kim Jong Pil, who is married to Mr. Park's niece, created and became the first director of the Korean Central Intelligence Agency, which eventually became Mr. Park's chief weapon of control.

Kim Jong Pil also created the Democratic Republican Party, which gave some political legitimacy to Mr. Park's increasingly authoritarian rule during the 1970s.

When Mr. Park was assassinated by a later KCIA chief in 1979, Kim Jong Pil emerged as a likely successor. But Major General Chun Doo Hwan and his allies in the officer

corps, including then-general Roh, took power in a coup and deposed Kim Jong Pil for alleged corruption.

Kim Jong Pil was forced to hand over \$36 million, which he said came from legitimate party funds but which the Chun regime called ill-gotten wealth. He was banned from politics until 1985.

Living Abroad

Lack of AIDS Blood Screening in Some Nations Raises Concern

By Sherry Buchanan
International Herald Tribune

People going to countries that lack adequate blood screening for the AIDS virus are looking for ways to protect themselves should they require an emergency blood transfusion.

The World Health Organization's efforts to assist countries in storing blood and screening it for the virus that causes acquired immune deficiency syndrome should soon decrease the risk of catching the virus via a blood transfusion in some African countries.

"Within six months, you will be able to get testing done in most African countries in at least one center in the country," said John Wickett, administrative officer of the National Programs Support of WHO's Special Programs on AIDS.

"There are many things one can do to avoid exposure to AIDS if sent on assignment abroad, basically by doing the same things one can do in one's own country," said Dr. William Heyward, chief of international activities for AIDS programs

at the Centers for Disease Control in Atlanta, Georgia.

The one factor most difficult to deal with is the possibility of being in an accident and needing a blood transfusion," he said. "In many countries, there is no ability to screen the blood prior to transfusion."

In April, WHO began helping countries to establish blood storage and testing facilities and to train medical experts.

WHO has requests from 91 countries, including 40 in Africa, for assistance in setting up screening programs. The organization also has completed 58 initial visits and prepared 50 short-term plans for blood screening. These include ordering the screening equipment and training medical personnel.

But the problem remains acute and will continue to remain acute, depending on the country, region and town in which an emergency occurs.

The World Health Organization has begun helping countries establish blood storage and testing facilities.

Ludo Muille of the Blood Transfusion Center in Antwerp, Belgium. "We have to explain to them that they will never get through customs," he said, "and even if they do, they have to store their blood at 4 degrees centigrade. But if it's in their refrigerator 100 kilometers from where the emergency might

occur, it's not much use to them anyway."

Instead of allowing people to travel with their own blood, transfusion centers in Europe and the United States are selling plasma substitutes, derived from human blood and usually available by prescription. The chemical composition of substitutes differ, and the products can be stored at room temperature for two to five years, depending on the product.

Blood, however, has a shelf life of 21 days and must be kept at low temperatures.

Some medical experts argue, however, that it is not practical for everyone to carry plasma around.

Dr. Paul Clarke, medical director of Medical Advisory Services for Travellers Abroad Ltd. at the London School of Hygiene and Tropical Medicine, said: "Plasma substitutes weigh several kilograms. A businessman is not going to go around carrying a shoulder bag with two kilos of fluid in it."

Some embassies and multina-

tional corporations have taken preventive measures, which embassies usually make available only to their nationals and multinationals only to their staff members.

Although not an official government policy, some British, French, West German and U.S. embassies in African and Central American countries list expatriates living in the country who are willing to donate blood to their compatriots.

"These are not necessarily tested people, either, but the risk is much lower," said Dr. Clarke. "That's why we recommend that the person or their colleague get in touch with their consulate in the hope that they will have a list of expatriates willing to donate blood."

Medical experts also are advising people to carry a syringe kit to countries where needles may not be sterilized or may not be available. Multinationals such as ICI, the British textile group, and BAT Industries, the British tobacco group, have started distributing such kits to their personnel going to Africa.

Iran Executes 'Corrupt' Associate Of Khomeini's Chosen Successor

By John Kifner
New York Times Service

MANAMA, Bahrain — A Shiite Moslem who was an associate of Ayatollah Ruhollah Khomeini's designated successor was executed by a firing squad in Tehran on Monday.

Mehdi Hashemi, who was shot down, had been caught up in political infighting linked to the revelation of the secret American arms deals to Iran.

The official Tehran Radio reported that he had been convicted on being "corrupt on the earth," the most serious possible charge in Iran's Islamic theocracy, with specific counts of murder, kidnapping, plotting to overthrow the regime and smuggling arms.

But until his downfall and arrest in October, Mr. Hashemi had directed the personal office of Ayatollah Hussein Ali Montazari, Ayatollah Khomeini's personal choice as his successor in the unique post of supreme religious guide.

In the Shiite theocracy of Iran, where religion and politics are one, the leadership position is a kind of stand-in for the twelfth, or hidden, imam, who disappeared in the ninth century and is someday to return as a redeemer.

Mr. Hashemi's arrest, conviction and execution appeared to cast doubt on Ayatollah Montazari's political future and to strengthen the position of his apparent rival, the powerful speaker of the Majlis, Hashemi Rafsanjani.

It was Mr. Rafsanjani who met with American negotiators, including Lieutenant Colonel Oliver L. North, bearing a cake shaped like a key and other offerings, in an effort to swap arms for the American hostages held in Lebanon.

Although not an official government policy, some British, French, West German and U.S. embassies in African and Central American countries list expatriates living in the country who are willing to donate blood to their compatriots.

"These are not necessarily tested people, either, but the risk is much lower," said Dr. Clarke. "That's why we recommend that the person or their colleague get in touch with their consulate in the hope that they will have a list of expatriates willing to donate blood."

Medical experts also are advising people to carry a syringe kit to countries where needles may not be sterilized or may not be available. Multinationals such as ICI, the British textile group, and BAT Industries, the British tobacco group, have started distributing such kits to their personnel going to Africa.

of terrorism as the suicide truck bombings of the American marine barracks and two U.S. Embassy buildings in Beirut and the kidnapping of Americans in Lebanon.

Mr. Hashemi's brother, Hadi, is a son-in-law of Ayatollah Montazari, in a Middle Eastern society where family relations are the most important political connections.

Mr. Hashemi was also a close associate of Ayatollah Montazari's son, whose gun-toting ways earned him the nickname of "Ayatollah Ringo" after a popular cowboy film.

The son, whose followers once staged an armed camp-out at the Tehran airport demanding to be flown to Lebanon, was blown up in

a bombing by opponents of the dominant clerical party.

The political rivalries in Iran are now being fought out on complex personal levels, under an overall banner of Shiite Islamic fundamentalism, making such Western conceptions as "radicals" and "moderates" inapplicable.

Thus, while the execution of Mr. Hashemi appeared to strengthen the position of Mr. Rafsanjani, it was difficult to see what its practical effect might have on Iran's fundamentalist Islamic revolution.

U.S. Imports of Iran Oil Rise With Gulf Tensions

By Peter Behr
Washington Post Service

WASHINGTON —

Iran has become

the second-largest foreign supplier of crude oil to the United States, the result of a surge of exports this summer that has pumped more than \$700 million into Iran's economy, according to a new analysis of U.S. oil imports.

The sudden growth of this economic link between Iran and the United States, which coincides with an escalating military and diplomatic confrontation, is documented in U.S. Commerce Department figures cited by John Roberts, a senior adviser at the Middle East Institute in Washington.

"In July the United States imported 19.6 million barrels of Iranian crude oil at a cost of \$359 million," he said. "Only Nigeria supplied more."

The Iranian shipments amounted to more than 11 percent of U.S. oil imports, while payments from U.S. oil companies provided Iran with about one-third of its total oil revenues, Mr. Roberts said.

"Neither side yet seems to appreciate the magnitude" of this interdependence "because of the secret ways in which Middle Eastern oil is traded," he said.

Iran's desperate need for revenue to finance its war with Iraq is at the core of its sharp increase in exports, Mr. Roberts said.

Although members of the Organization of Petroleum Exporting Countries had agreed to limit oil production by following nation-by-

nation quotas, Iran and several

other Gulf nations broke the agreement and increased their output this summer, said Philip K. Verleger, a visiting fellow at the Institute for International Economics in Washington.

At the same time, oil buyers around the world went on a buying spree, said Mr. Verleger and Mr. Roberts, prompted by growing fears of warfare in the Gulf.

As tensions with Iran have risen, the Reagan administration has considered an embargo against Iranian goods, particularly oil.

But a U.S. embargo on Iranian oil would be little more than symbolic, according to industry experts.

"There would be no effect on the oil market, because the Iranian oil would find a home somewhere else," said Mr. Verleger.

However, an embargo would probably force Iran to cut its oil prices to other buyers, perhaps precipitating another round of price-cutting by OPEC members, he said.

Mr. Verleger said Iran might lose its position as a prime U.S. supplier even if there was no embargo.

"There are indications that the rush of oil imports to fill inventories is tapering off now," he said.

Italian Leader Visits Bonn

Reuters

BONN — Prime Minister Giovanni Spadolini of Italy arrived in West Germany on Monday for talks with Chancellor Helmut Kohl that are expected to focus on the Gulf conflict and East-West relations.

Five new hotels. Five stars.

The Nikko Hotels network unveils five new world-class hotels.



Five great cities of the world are about to receive five outstanding new hotels. Each of these new Nikko Hotels will have its own character and distinctive kind of elegance.

And of course, each will combine exquisite touches of its host nation's culture with the uniquely personal Japanese-style service that has made each of our hotels renowned throughout the world.

Hotel Nikko CHICAGO
425 guest rooms, located along the Chicago River. Banquet and meeting rooms, an executive lounge, health club and a quiet Japanese garden.

Hotel Nikko Longbai SHANGHAI
New 419-room hotel will be the focal point of the new Hongqiao diplomatic quarter. 5 minutes from the airport and 20 minutes from the city center. Health club, special executive facilities and a secluded garden.

In addition to our directly-managed hotels, we also represent more than 85 other top hotels around the world.

Hotel Nikko SAN FRANCISCO
In the heart of San Francisco near Union Square with 525 rooms to accommodate guests in first class comfort. Indoor swimming pool, sauna and health club, convention facilities, Continental and Japanese cuisine.

Hotel Nikko HONGKONG
Standing at the edge of the world's most fascinating harbor on the Kowloon side, 461 guest rooms, rooftop swimming pool, gym, sauna, and many other outstanding amenities.

The art of hospitality.
nikko hotels
international

For reservations, call your travel agent, the nearest Japan Air Lines office or Frankfurt (069) 13600/London (01) 408-1000/Paris 4225-8505, 4225-6501 or Nikko Hotels International Reservation Center • Toll free in U.S. and Canada 1-800-NIKKO-US (645-5887)/Hong Kong 5-234318/Tokyo 03-281-4321

Discover gold

COMMERZBANK

“Brainpower fuels all great works”

Over a century of market experience, strong interbank relationships, and worldwide access to funds.

Significant reasons why Commerzbank, one of West Germany's Big Three financial institutions, is at the forefront of domestic and international investment banking.

Lead and co-managing Eurobond issues and syndicated Euroloans. Arranging swaps and futures as well as tailor-made project finance. Providing access to the German capital market through bond and equity placements, including stock exchange introductions. And also offering sound M&A advice.

Whatever the complexity of the transaction, Commerzbank has the financial muscle and brainpower to structure all the components into an effective financial package. Whenever you need it.

Commerzbank
German knowhow in global finance

China Prepares to Rejuvenate Leadership

By Edward A. Gargan

New York Times Service

BEIJING — The clots of shaggy-haired young men from Xinjiang, who once loitered outside large hotels here changing money, hawking cashmere scarves and brandishing scrolls with painted pandas, are gone.

Petty gamblers running wagers down cramped alleyways, the city's hooligans, even dog owners are under hot pursuit by squads of green-uniformed and plainclothes police.

As thousands of the country's Communist leaders prepare to meet next month to chart the country's future, the capital's authorities are scrubbing away at the city's real and imagined detritus.

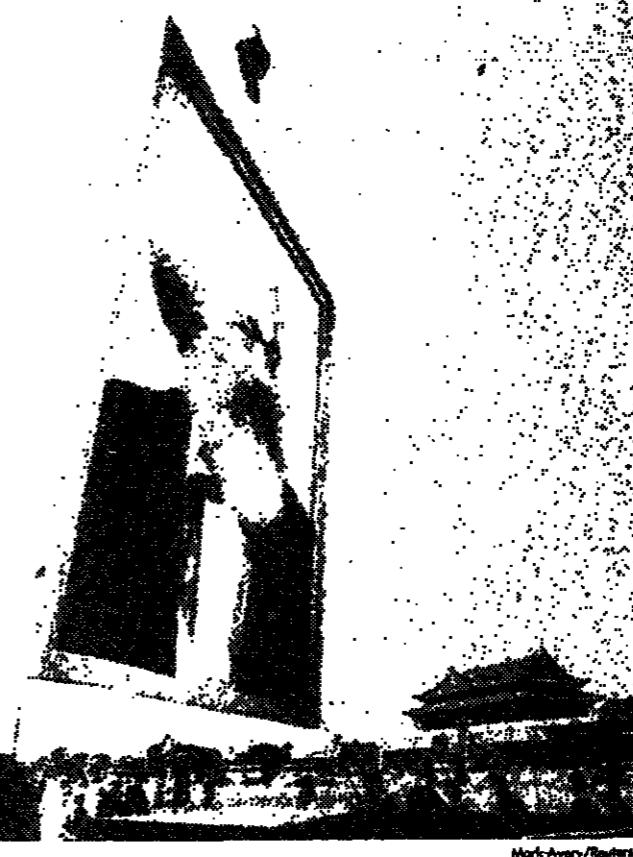
The 13th Communist Party congress, scheduled for Oct. 25, will bring together 5,000 representatives of the 44 million members of China's Communist Party. They will ratify decisions already largely made by a handful of senior leaders, led by Deng Xiaoping, about the country's economy and polity.

Always a city that has strictly controlled who lives here, Beijing police are conducting sweeping identity checks to find people without proper permits. Near the city's 17th-century astronomical observatory, a raucous labor market for maids and housekeepers — also used by procurers to recruit prostitutes — was raided and closed recently. The police ordered the young job seekers out of town.

Dogs, which may be legally owned only by senior officials and foreigners, have been rounded up and their owners lectured on the virtues of social discipline.

But beyond the abrupt and highly visible pruning of the city's social wildflowers, Beijing's residents, and indeed China's 1 billion people, have been told almost nothing about next month's congress — a meeting expected to name the next generation of leaders and outline the economic and political policies they will pursue.

"I don't know what will happen," said a middle-aged man who said he was a government office worker who did not belong to the party. "How can we know what will happen? They haven't said anything. There is nothing in the newspapers. Anyway, what difference does it make to us?"



Karl Marx's portrait was raised Sunday at Beijing's Tiananmen Square in preparation for the Oct. 1 National Day.

Still, it is widely assumed by diplomats that Mr. Deng will remain as chairman of the Central Military Commission. In that post he would still control the army and continue his dominant influence over party and government affairs.

On one matter all diplomats seem to agree — the retirement of Mr. Deng from most of his main posts, including his membership on the party's policy-making politburo. Mr. Deng has repeatedly mentioned that he intends to resign.

Despite the potentially sweeping significance of a shift to a new generation of leaders, many Chinese are inured to politics. Recent conversations on the street virtually never touched on political questions, except to evoke skepticism about the government and the party.

One Western European diplomat, whose knowledge of Chinese politics is particularly acute said Li Peng, a deputy prime minister, had been chosen as the new prime minister.

For example, a young artist, referred to as a communist and cynical aphorist. Referring to the Chinese practice of taking medicine in a soup, he said: "The soup can be changed, but the medicine remains the same."

After Zhao Ziyang, Mr. Zhao is expected to be appointed general secretary of the party, despite a publicly expressed reluctance to assume the position permanently.

The choice of Mr. Li, this diplomat suggested, represented something less than a decisive resurgence of the party faction that seek change. Instead, he said, Mr. Li can be seen as a man generally committed to continuing the changes in China's economy but in a fashion more conciliatory to the concerns of the old-style Marxists who stress the importance of centralized economic planning.

Other Western diplomats insist that China's most senior leaders — men mostly in their late 60's and 80's — have decided to keep pushing forward with a program of economic initiatives. These programs would move toward something more recognizably capitalist.

To this end, these leaders have agreed, according to the diplomats, that a new and younger set of faces will appear in the highest reaches of the Communist Party and government.

On one matter all diplomats seem to agree — the retirement of Mr. Deng from most of his main posts, including his membership on the party's policy-making politburo. Mr. Deng has repeatedly mentioned that he intends to resign.

Still, it is widely assumed by diplomats that Mr. Deng will remain as chairman of the Central Military Commission. In that post he would still control the army and continue his dominant influence over party and government affairs.

Despite the potentially sweeping significance of a shift to a new generation of leaders, many Chinese are inured to politics. Recent conversations on the street virtually never touched on political questions, except to evoke skepticism about the government and the party.

One Western European diplomat, whose knowledge of Chinese politics is particularly acute said Li Peng, a deputy prime minister, had been chosen as the new prime minister.

For example, a young artist, referred to as a communist and cynical aphorist. Referring to the Chinese practice of taking medicine in a soup, he said: "The soup can be changed, but the medicine remains the same."

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the region's major commodity exports, such as oil, price

and the U.S. currency's slide have also led to a rise in the value of overseas companies.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Despite the loss of competitiveness, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

With the use of trade-weighted averages, the external value of the dollar has mitigated the overvaluation of the U.S. currency.

Nordic Finance

Fiscal Austerity

Economies Lose Competitive Edge As Currencies Gain

By Ken Ferris

LONDON — The Scandinavian economies have suffered from a loss of competitiveness in recent years due to a combination of accelerating wage costs and the sharp appreciation of their currencies against the U.S. dollar. Those developments have led to a period of fiscal austerity as the governments of Denmark, Finland, Norway and Sweden attempt to bring their external accounts back into balance.

The extent of the dollar's decline from the peak average level it reached in the first quarter of 1985 is reflected in the appreciation of the Finnish markka (36 percent), Norwegian krone (26 percent) and Swedish krona (32 percent) against the U.S. currency. With the region's most important commodity exports, such as forest-related products and oil, priced in dollars, the U.S. currency's slide has hit the domestic value of overseas commodity sales and heightened the need for structural economic adjustments.

However, the use of trade-weighted baskets to determine the external value of these currencies has mitigated the overall impact of dollar depreciation. This is because the dollar's weight in the basket (9 percent, 11 percent and 23 percent respectively) has led to depreciation versus other currencies, such as the Deutsche mark and Japanese yen, thereby helping to stimulate manufactured exports.

In Denmark, the loss of competitiveness has been more marked because of its membership in the European Monetary System (EMS) Exchange Rate Mechanism (ERM). This ties the krone to within 2.25 percent either side of a 3.81 Danish krone per Deutsche mark central rate and has taken the currency up 37 percent against the dollar from its average value in the first quarter of 1985.

Since October 1982, the Nordic currencies have held onto their basket pegs, with the exception of a 2 percent mini-devaluation of the Finnish markka in May 1985 and a 12 percent downward adjustment of the Norwegian krone in May last year. This period of relative stability follows a hectic time in the currency markets in 1981 and 1982 when the Finnish, Norwegian and Swedish currencies were subjected to large-scale competitive devaluations.

While there are similarities in the problems facing the Nordic countries, each has its own specific difficulties. Denmark's membership in the EMS means its economic policy is driven by the need to maintain the krone's value in the ERM.

Although the Danish currency held its EMS parity in the Jan. 12 general realignment, a bout of speculative pressure in August before the Sept. 8 general election has pushed the krone to its current position at the bottom of the EMS.

Following the election, which returned a minority non-Socialist coalition headed by Prime Minister Poul Schlüter, the krone has recovered and is now trading just below its central rate against the Deutsche mark. It has steadied partly because of the government's determination to preserve the EMS parity as a central plank in its anti-inflation drive.

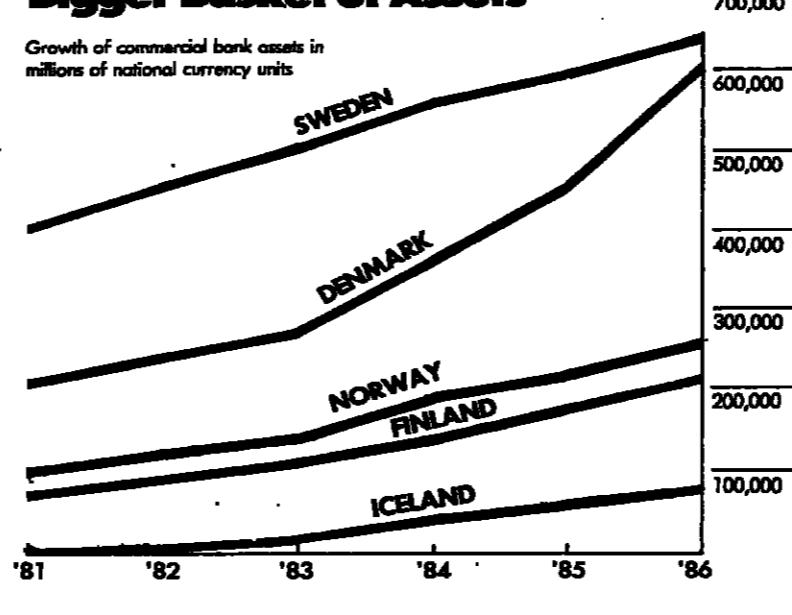
The government has the support of the opposition Social Democrats and the Organization for Economic Cooperation and Development for its strong currency stance. The OECD's latest report on the economy says it is essential for Denmark to maintain the stable exchange rate policy

Continued on page 11



Bigger Basket of Assets

Growth of commercial bank assets in millions of national currency units



Source: Nordic Council Statistical Yearbook

The dollar's slide has hit the domestic value of overseas commodity sales and increased the need for economic change.

Regional Banking

Deregulation Spurs Expansion

By Michael Metcalfe

COPENHAGEN — Nordic banking has come in from the cold. Swept by changes in the financial marketplaces of the countries making up the region, commercial banking during 1987 has undergone a period of rapid reform.

"Far from swimming in a placid financial backwater, the Nordic banks have come into their own, expanding their services into new areas, such as insurance, brokerage and financial innovation, while steadily extending their networks on the international plain," noted one Danish banker.

Deregulation and liberalization has forced the pace of development. In varying degrees of willingness — or reluctance — the monetary authorities of Denmark, Finland, Norway and Sweden have rolled back the carpet of foreign exchange controls and financial regulations that has covered their respective financial scenes for many decades and thwarted attempts by the private banking community to expand their activities.

In line with trends in the world's financial markets, integration, innovation and internationalization have become the key elements in the corporate strategies of Nordic banks, keenly aware that if they are to expand successfully, they must look elsewhere than just their home bases. But as expansion abroad has been stepped up, so the domestic banking scene has not lagged far behind. Copenhagen, Helsinki, Oslo and Stockholm have all witnessed the creation of a myriad of new financial instruments and markets, in the process of sharpening the competitive climate and squeezing margins.

Of the five Nordic countries, the pace of change has been the most rapid in Sweden, where bulwarks of regulation and restriction have been torn down in the past two years. In addition, it controls money supply

years. Norway has followed Sweden closely, dismantling controls that have been in existence since World War II.

Finland, too, has not been far behind in overhauling its financial system, and Helsinki banks now have a greater degree of financial latitude than ever before.

The only exception has been Denmark, where the relaxation of monetary policy introduced at the end of 1984 came to an abrupt halt in the spring of 1986 and has remained strict ever since. However, Nordic bankers note that Denmark still has the most liberal banking climate in the region with almost all restrictions on capital movements removed.

This policy is expected to remain unchanged under the government of Poul Schlüter, who was returned as prime minister in elections on Sept. 8.

Norway and Sweden have been eager to catch up, freeing their internal capital and money markets from many of the regulatory controls hampering their expansion, development or even creation.

They have also opened their doors to foreign bank subsidiaries since 1985 and 1986, respectively, thereby prodding the domestic banks into competing more freely in the provision of financial services, as well as stiffening competition in areas such as foreign exchange and stockbroking.

Central to the development of the more liberal Nordic banking environment has been the unwinding of the internal capital and money markets of the respective countries, a trend which for the most part has been actively encouraged, if not always freely sanctioned, by their central banks.

Following the abolition of almost all the existing controls on bank lending in November, the Swedish central bank, the Riksbank, has resorted to increasing the use of open-market operations — rather than fixed credit policy guidelines — to steer monetary developments. In doing so, the Riksbank administers market operations in foreign exchange and trades in short-term paper to regulate bank liquidity.

Continued on page 10

Stock Exchanges

Bourses Soar, Except in Denmark

Strong domestic investor demand sends markets spiraling

By Juris Kaza

STOCKHOLM — Nordic stock markets, except for Copenhagen, have been among the strongest in Europe. Share prices in Denmark have risen only about 8 percent this year, while indexes in Oslo and Helsinki are up over 40 percent and over 20 percent in Stockholm.

Propelled by strong domestic investor demand rather than foreign buying, these markets "have gone crazy," said Tim Youngman, an analyst with London's Savory Millen Ltd. "In the short term, Scandinavia is by far the most interesting area in Europe," Mr. Youngman said. Of the three booming Nordic markets, he called Sweden the strongest despite the low rump in prices compared to its neighbors to the east and west.

Sweden is looking well underpriced, and there is lots of money that still has to go into the market," he said, referring to high corporate and personal liquidity as well as funds that must be invested during the fall by Sweden's controversial wage-earner funds.

Mr. Youngman added that Volvo's unexpectedly good second-quarter performance had allayed fears about the impact of the low dollar on Swedish exports. "The general opinion is that Volvo has seen the worst in terms of its dollar exposure," he said.

Finland's rise is also fueled largely by domestic factors, which is reassuring to foreign investors burned by some previous bull stampedes in Helsinki.

"Trading volume more than doubled in 1986 and it has increased significantly in 1987," said Michael Reeme, a broker at Cy Bensow AB in Helsinki. "The largest contributing factor is domestic, a lot of excess liquidity comes to the market."

Finnish analysts also say there is considerable steam left in the market if one buys on forecast earnings.

"If the present price earnings ratio is around 17 or 18, then based on forecast earnings, it is closer to 13," according to Timo Nikkinen, an analyst at Unitas, the securities trading subsidiary of Union Bank of Finland.

"Based on this, and fundamental factors, there should be room for a continued increase in share prices," Mr. Nikkinen asserted.

Mr. Reeme of Bensow said that forestry shares and industrial conglomerates, essentially Nokia, were the most attractive Finnish stocks.

"In forestry, you have Kymmenen, Enzo Guzeit and United Paper Mills," he said. "Nokia is doing very well, and so are our bank shares. It is hard to find a Finnish company that isn't doing well."

In London, Mr. Youngman of Savory Millen is cautious about Finland. "I think you have



Higher company earnings and oil prices fueled boom on Oslo bourse.

seen the best there. There will be a lot of new issues coming. Lots of companies want to be on this market to raise cash," he said.

In Finland, however, analysts look forward to the start-up of the nation's first mutual funds in October to give impetus to the market.

"It will be a positive factor," Mr. Reeme predicted.

Mr. Nikkinen said the fact that smaller companies have gone public has actually helped fuel the market. "There is plenty of liquidity from corporate acquisitions and the sell-offs of privately held companies," he said.

ON THE Oslo exchange, the boom is also fed by domestic factors — improved earnings by key companies and a firm oil price, according to a recent analysis published by Den norske Creditbank (DnC), the nation's largest bank.

DnC's analysts also note that for Norwegian shares listed on the Oslo "Main List," foreigners have bought up shares to the limit that can be held by non-Norwegians, so "they cannot very well constitute the decisive buying push."

Recently, a proposal was introduced to raise the limits for foreign ownership of Norwegian shares.

The Nordic markets are also opening up to financial innovation. Sweden allowed foreigners to trade stock and index options starting Aug. 1, and Stockholm analysts expect foreign interest in these products to grow this fall.

In Norway, there is discussion of starting options and index options trading along Swedish lines, while in Finland, investors have had a lively trade in warrants attached to recent corporate bond issues.

"Warrants work like a kind of option," Mr. Nikkinen said. "But for the moment, using these for hedging is secondary, the primary motive is to speculate on the underlying value of the shares."

He said Finnish authorities were also discussing starting options trading and predicted that "there will be more imagination used in constructing corporate financial instruments."

leader, Anker Jorgensen, retired, and Prime Minister Poul Schlüter found himself putting together a weaker government with small, single-issue parties able to tip the scales.

"The weak government means an unstable period for the market," said Christian Strandgaard, a trader at Privatbanken in Copenhagen.

"On top of that, we have had some rather depressing half-year corporate results, as well," he added.

He predicted that Danish shares, if anything, would drift lower in coming months. Still, he said the market would then be rather cheap for a selective investor seeking long-term positions in lesser known shares with high potential.

The Privatbanken trader mentioned Sophus Berendsen, which sells industrial automation equipment, and International Service Systems, a cleaning and building services group, as two potentially interesting buys.

The Nordic markets are also opening up to financial innovation. Sweden allowed foreigners to trade stock and index options starting Aug. 1, and Stockholm analysts expect foreign interest in these products to grow this fall.

In Norway, there is discussion of starting options and index options trading along Swedish lines, while in Finland, investors have had a lively trade in warrants attached to recent corporate bond issues.

"Warrants work like a kind of option," Mr. Nikkinen said. "But for the moment, using these for hedging is secondary, the primary motive is to speculate on the underlying value of the shares."

He said Finnish authorities were also discussing starting options trading and predicted that "there will be more imagination used in constructing corporate financial instruments."

Kansallis Banking Group - The Nordic Countries' Leading Financial Expert



Kansallis-Osake-Pankki, the parent company of the Kansallis Banking Group, is the largest manager of international loan facilities in the Nordic countries. Successful operations this year have shown that its international position has further strengthened.

The Kansallis Banking Group's London, New York and Helsinki offices are also specialists in trade, corporate and project financing. Kansallis expertise, especially in project financing, is utilized from the South Pacific to the Arctic.

KANSALLIS BANKING GROUP
KANSALLIS-OSAKE-PANKKI

Aleksanterinkatu 42, SF-00100 Helsinki, Finland

Tel. +358 0 1631, telex 124412

Moody's Investors Service gave an Aaa rating to Kansallis' medium-term certificates of deposit issued on the American market. Only 35 banks in the world have this rating and Kansallis-Osake-Pankki is the first bank in the Nordic countries to earn it.

The Kansallis Banking Group works for you in the Cayman Islands, Frankfurt, Hong Kong, London, Luxembourg, Moscow, Nassau, New York, Singapore, Stockholm, Tokyo, Zurich and Helsinki.

JURIS KAZA, a journalist based in Stockholm, is a regular contributor to the International Herald Tribune's business pages.

Deregulation Spurs Expansion

Continued from page 9

by manipulating the availability of the discounting facilities it provides to banks.

The removal of lending ceilings resulted in a substantial credit expansion by the banks during 1986, with a corresponding reduction in the parallel "gray markets," which had developed during the era of regulation. Swedish banks' total borrowing from Riksbank corresponds roughly to their total equity at about 15 billion Swedish kroner (\$2.35 billion), of which 4 billion kroner is borrowed at discount. Thus, the discount rate continues to play an integral, albeit increasingly diminishing, role in shaping domestic credit policy.

This month, there were 12 commercial banks in Sweden with combined assets in excess of 625 billion kroner. They included two merged regional banks, Nordbanken, and a new bank, Sveabanken.

AB, specializing in small and medium-sized business. If the 13 foreign-owned Swedish banking subsidiaries are included in the total, the ranks swell to 24 (two foreign banks formed a joint subsidiary).

Sweden's 230 finance companies provide an important, if not indispensable, source of domestic corporate financing, having developed a special niche in this business over the past decade. However, their future status has been cast into some doubt and the sector will see some radical changes in its operating climate by the end of this year as the regulatory authorities have their way.

The mid-1980s saw the emergence of a new source of capital, namely the finance departments of Sweden's large corporations. These have set themselves up in much the same way as bank-owned finance houses and are now beginning to make themselves felt as a potent force in the field of financial services.

As evidence of growing deregulation in the Swedish financial markets, a second privately initiated options and futures exchange

was introduced in Sweden early this year. The exchange, with initial total risk capital of 60 million kroner, is permitted to launch options on companies as well as share index options.

With the removal of certain interest rate controls in September 1985 and again in June 1987, the Norwegian authorities took major steps forward in deregulating the domestic financial markets, a process that has been under way since the early 1980s.

The main move in 1985 was suspension of the system of interest rate declarations by the Finance Ministry, whereby the interest rate level on loans from banks and life insurance companies had been administratively set since 1980, and in 1987, the abolition of banks' primary reserve requirements.

Interest rates thus were allowed to move more freely, albeit under the premise that money-market and bond interest rates determine the interest rates on short- and long-term loans, respectively.

The authorities, therefore, continue to exert influence on interest rate formation through setting the terms of new issues of government bonds and Treasury certificates as well as through guidelines for Bank of Norway purchases and sales of such paper in the secondary markets.

As of 1987, there were 31 domestic commercial banks in Norway, with combined aggregate assets totaling about 350 billion Norwegian kroner (\$33 billion). They included four new banks, the first such new banking houses to be set up in 35 years. Nine foreign-owned subsidiaries have commenced operations. The same banking regulations pertaining to the domestic commercial banks apply to the foreign subsidiaries and in theory they are permitted to engage in most of the usual retail and wholesale banking services.

The net effect of this reform is that the banks and insurance companies are now setting up their own brokerage subsidiaries with the aim of entering the lucrative stock brokerage and securities markets.

Deregulation has also swept the Finnish financial markets: short-term money rates have been liberalized and the central bank has altered its basic monetary control instruments; mutual funds were given the go-ahead earlier this year and henceforth nonresidents will be able to hold a greater share in the equity of Finnish firms.

The banks have expanded the range of services they offer, branching out into securities trading and winning experience in relatively new areas, such as corporate paper, large short-term deposits and interbank lending.



Poul Schlueter

Swedish Bankers Wait For Wider Liberalization

By Juris Kaza

STOCKHOLM — Swedish banks are looking forward to further liberalization measures that will allow them to operate more flexibly both on a regional and international scale.

Domestically, the far-reaching deregulation is already heating up competition. This has started to affect earnings, which banking sources said were off around 10 percent in the first four months from record levels in 1986.

Then, profits for major banks were up between 35 percent and 87 percent from 1985, despite a sharp rise in credit write-offs due mainly to financial trouble at Fennia, the antibiotic maker that has been plagued by scandal.

The growing liberalization in the Norwegian financial markets was marked this month by the creation of two official share options markets in Oslo. Sanctioned by the Finance Ministry, the new exchanges were to have an initial total risk capital of about 100 million to 150 million kroner and will be permitted to launch call options on companies as well as share index options and futures options.

In Denmark, the Copenhagen Bourse is undergoing a period of wrenching reform, including the introduction this year of an electronic trading system to replace the old auction system and the end of the monopoly to trade on the bourse hitherto exercised by 27 licensed brokerage firms.

The net effect of this reform is that the banks and insurance companies are now setting up their own brokerage subsidiaries with the aim of entering the lucrative stock brokerage and securities markets.

Deregulation has also swept the Finnish financial markets: short-term money rates have been liberalized and the central bank has altered its basic monetary control instruments; mutual funds were given the go-ahead earlier this year and henceforth nonresidents will be able to hold a greater share in the equity of Finnish firms.

The banks have expanded the range of services they offer, branching out into securities trading and winning experience in relatively new areas, such as corporate paper, large short-term deposits and interbank lending.

bank in the Nordic area. However, Mr. Harrison said there were no such concrete plans, "although in the very long term, it is something to dream about."

He said, however, that SBP was one way to compete against the operations of foreign banks in Sweden and the other Nordic countries. "We avoid having to open branches in our neighboring markets," he said. "At the same time, we have a network. Instead

in the infant foreign banking

conglomerate, it includes Gonybanken, a securities brokerage, finance and investment companies and the bank's foreign operations.

In the infant foreign banking

community, members are already

mourning their first casualty.

France's Banque Paribas announced this summer that it was

closing its subsidiary bank and

returning to a representative office in Stockholm. This leaves 11 foreign banks in Sweden.

Mr. Harrison and Jaakko Pihlakka, another executive officer of these banks, believe that the market is ripe for expansion and consolidation.

Mr. Harrison said, "We are growing. Equity prices have been

strong in the last year. We are

expanding private placements

and product lines for

international activity with foreign

clients."

According to Mr. Baakman of the Bankers Association, a government committee reviewing

banking law is rumored to be

ready to allow up to 15 percent

foreign ownership of Swedish

banks.

Beyond complying with the original SBP proposal that the partners take together a 10 percent share of each other's capital, such a reform would not cause foreign banks to try to buy into Swedish institutions.

"We might do a bit here, but the profits from a major financing would end up on the books of, say, Citibank in Argentina," he explained.

In line with the SE-Banken executive's remarks, Mr. Hammarich noted that, "We don't do too much traditional lending, because our best customers are the top 40 or 50 Swedish companies and they are so liquid they don't borrow. Sometimes they go to the market directly with their own financing units."

The Citibank executive said one of the new bank's strongest specialties was foreign exchange, where it had captured around 3 percent of the Swedish market. "That makes us relatively large," he remarked.

Mr. Hammarich, a Swede who is a senior member of the foreign banking community — he ran Citibank's representative office before foreign banks were allowed in Sweden — said he expected that other foreign banks would move into Sweden in coming years.

Mr. Harrison of SE-Banken

doesn't see a serious problem.

"They did business before, even before they were able to have their own banks here," he remarked. "We as banks would not suffer all that much."

When it comes to corporate lending, Mr. Harrison said that foreign banks were welcome to compete. "Margins are falling, so commercial lending is not that interesting," he said.

Banking sources also say they are watching the formation of the Gota Group, which promises to be Sweden's first financial services

unit.

Mr. Hammarich, a Swede who is a senior member of the foreign

banking community — he ran

Citibank's representative office

before foreign banks were allowed

in Sweden — said he expected that other foreign banks would move

into Sweden in coming years.

Meet the Danes at all levels



The Berlingske Publishing house is one of the biggest and most influential centres of communication in Denmark.

Through the Berlingske dailies and weeklies you will meet more than half the Danish population - at all levels.

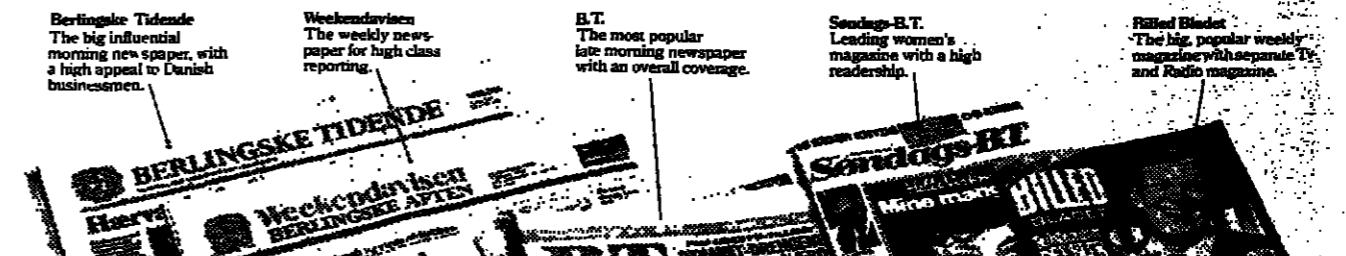
BERLINGSKE

BERLINGSKE TIDENDE · 34 PILESTRAEDE · DK-1147 COPENHAGEN K

TEL: (+45) 157575 · TELEX 27094 BEANN DK

ADVERTISING REPRESENTATIVES IN FRANCE · GERMANY · GREAT BRITAIN

ITALY · SWEDEN · SWITZERLAND · USA



Deregulation Spurs Expansion

Continued from page 9

by manipulating the availability of the discounting facilities it provides to banks.

The removal of lending ceilings resulted in a substantial credit expansion by the banks during 1986, with a corresponding reduction in the parallel "gray markets," which had developed during the era of regulation. Swedish banks' total borrowing from Riksbank corresponds roughly to their total equity at about 15 billion Swedish kroner (\$2.35 billion), of which 4 billion kroner is borrowed at discount. Thus, the discount rate continues to play an integral, albeit increasingly diminishing, role in shaping domestic credit policy.

This month, there were 12 commercial banks in Sweden with combined assets in excess of 625 billion kroner. They included two merged regional banks, Nordbanken, and a new bank, Sveabanken.

AB, specializing in small and medium-sized business. If the 13 foreign-owned Swedish banking subsidiaries are included in the total, the ranks swell to 24 (two foreign banks formed a joint subsidiary).

Sweden's 230 finance companies provide an important, if not indispensable, source of domestic corporate financing, having developed a special niche in this business over the past decade. However, their future status has been cast into some doubt and the sector will see some radical changes in its operating climate by the end of this year as the regulatory authorities have their way.

The mid-1980s saw the emergence of a new source of capital, namely the finance departments of Sweden's large corporations. These have set themselves up in much the same way as bank-owned finance houses and are now beginning to make themselves felt as a potent force in the field of financial services.

As evidence of growing deregulation in the Swedish financial markets, a second privately initiated options and futures exchange

was introduced in Sweden early this year. The exchange, with initial total risk capital of 60 million kroner, is permitted to launch options on companies as well as share index options.

With the removal of certain interest rate controls in September 1985 and again in June 1987, the Norwegian authorities took major steps forward in deregulating the domestic financial markets, a process that has been under way since the early 1980s.

The main move in 1985 was suspension of the system of interest rate declarations by the Finance Ministry, whereby the interest rate level on loans from banks and life insurance companies had been administratively set since 1980, and in 1987, the abolition of banks' primary reserve requirements.

Interest rates thus were allowed to move more freely, albeit under the premise that money-market and bond interest rates determine the interest rates on short- and long-term loans, respectively.

The authorities, therefore, continue to exert influence on interest rate formation through setting the terms of new issues of government bonds and Treasury certificates as well as through guidelines for Bank of Norway purchases and sales of such paper in the secondary markets.

As of 1987, there were 31 domestic commercial banks in Norway, with combined aggregate assets totaling about 350 billion Norwegian kroner (\$33 billion). They included four new banks, the first such new banking houses to be set up in 35 years. Nine foreign-owned subsidiaries have commenced operations. The same banking regulations pertaining to the domestic commercial banks apply to the foreign subsidiaries and in theory they are permitted to engage in most of the usual retail and wholesale banking services.

The net effect of this reform is that the banks and insurance companies are now setting up their own brokerage subsidiaries with the aim of entering the lucrative stock brokerage and securities markets.

Deregulation has also swept the Finnish financial markets: short-term money rates have been liberalized and the central bank has altered its basic monetary control instruments; mutual funds were given the go-ahead earlier this year and henceforth nonresidents will be able to hold a greater share in the equity of Finnish firms.

The banks have expanded the range of services they offer, branching out into securities trading and winning experience in relatively new areas, such as corporate paper, large short-term deposits and interbank lending.

bank in the Nordic area. However, Mr. Harrison said there were no such concrete plans, "although in the very long term, it is something to dream about."

He said, however, that SBP was one way to compete against the operations of foreign banks in Sweden and the other Nordic countries. "We avoid having to open branches in our neighboring markets," he said. "At the same time, we have a network. Instead

in the infant foreign banking

community, members are already

mourning their first casualty.

France's Banque Paribas announced this summer that it was

closing its subsidiary bank and

returning to a representative office in Stockholm. This leaves 11 foreign banks in Sweden.

Mr. Harrison and Jaakko Pihlakka, another executive officer of these banks, believe that the market is ripe for expansion and consolidation.

Mr. Harrison said, "We are growing. Equity prices have been

strong in the last year. We are

expanding private placements

and product lines for

international activity with foreign

clients."

According to Mr. Baakman of the Bankers Association, a government committee reviewing

banking law is rumored to be

ready to allow up to 15 percent

foreign ownership of Swedish

banks.

Beyond complying with the original SBP proposal that the partners take together a 10 percent share of each other's capital, such a reform would not cause foreign banks to try to buy into Swedish institutions.

According to Pe Aake Harrison, first executive vice president of Skandinaviska Enskilda Banken (SE-Banken), such a move would allow the last step of the planned formation of Scandinavian Banking Partners (SBP) by letting Finnish, Danish and Norwegian banks take a share of SE-Banken.

Foreigners are now forbidden to own Swedish bank shares and as a result, bank earnings and the performance of major bank shares have been of little interest outside the country.

Deregulation has also swept the Finnish financial markets: short-term money rates have been liberalized and the central bank has altered its basic monetary control instruments; mutual funds were given the go-ahead earlier this year and henceforth nonresidents will be able to hold a greater share in the equity of Finnish firms.

Bankers Wait Liberalization

argins are falling, so
mmercial lending is not
t interesting.

Finnish Banks Rally On Capital Markets

By Juris Kara

Helsinki — After a period of rapid expansion abroad in the early and mid-1980s, major Finnish banks now look forward to consolidating and exploring their international gains.

"I believe this time in international banking is not one of rapid expansion, but a period where progress will be slower and steadier," said Bo Harald, a first vice president at Union Bank of Finland (UBF), one of the nation's two large privately owned commercial banks.

Both Mr. Harald and Jaako Lassila, chairman and chief executive officer of the rival Kansallis Osake Pankki (KOP), believe international capital market activities on behalf of Finnish clients will be a major area for expansion and competition.

"There is a lot of securitization going on domestically," Mr. Lassila said. "The capital markets are growing. Equity prices have gone up 60 percent in a year. We are very active in arranging private placements and international syndicated loans for Finnish customers."

"Our main international activity now is to place Finnish paper with foreign investors," said Mr. Harald.

The internationalization of Finnish capital markets has occurred against a background of domestic deregulation that has

made competition much tougher on the Finnish home market.

UBF's most recent international addition was a subsidiary bank in Paris, which was formally opened earlier this year, although it already started operations in late 1986.

According to Mr. Harald, the Paris operation is a sign that UBF believes there will be an increasing Finnish corporate presence in the European Community countries.

"Once Finnish papers get better known, there is the possibility for good growth in investor markets such as the United Kingdom, Germany and the United States," he said.

Both Finnish bankers also agree that the world's largest market for placing securities may be Japan, but neither UBF nor KOP, nor any of the other major Nordic banks, is ready to move beyond having a representative office in Tokyo.

"There is an obvious interest in Japan for Finnish paper, but we are working on the hypothesis that our representative office meets our needs there," Mr. Lassila said.

"We opened a representative office in Tokyo because it is an important market to place our own triple-A paper, and we can get pretty good financing out of Japan for our customers, too," Mr. Harald said. But he quickly added, "We don't see upgrading the operation. That is a very tough market."

In the Nordic regional market, which both rival banks see as an extended "home

market," UBF and KOP are pursuing different strategies.

"The branch network of the partners makes it possible to market our cash management and transfer products," Mr. Harald said. "Companies are paying very much attention to cash management in Finland."

He noted that UBF recently opened a representative office in Gothenburg, Sweden, to look after business in western and southern Sweden, while Privatbanken, the SBP partner, has just opened a representative office in Helsinki. Regarding the rival strategy of opening a subsidiary in Sweden, Mr. Harald said, "It's very difficult to be profitable in Stockholm."

Mr. Lassila, who was visiting Kansallis Banken, the KOP subsidiary in the Swedish



Headquarters of Kansallis Osake Pankki in Helsinki.

Danish Banks Diversify

By Michael Metcalfe

COPENHAGEN — Danish bankers, looking back on a year of mixed business performance and forward to a more uncertain financial future, have little to be satisfied about these days.

National elections on Sept. 8 produced the worst possible result for the then ruling non-Socialist government and Socialist opposition alike — a political stalemate with no single block the outright

profit and interest margins cut and have been compelled to seek earnings elsewhere, such as in stockbroking, insurance, private investment advisory services and mergers and acquisitions.

The Danish equities market has not had a good year this year, when compared with the record-breaking performances of other stock markets, including those of Norway and Sweden. In addition, the international trend toward securitization of debt and lending instruments has made Danish banks more dependent on developments in this sector.

For Denmark's 80 commercial banks and 150 savings banks, the prospect of a hung parliament, in which all legislation will be hotly contested and revised, could not have come at a worse time.

According to political and financial analysts, the financial community is undergoing a definite phase of transformation, where the traditional lines separating the activities of banking, broking, insurance and other financial services are fast becoming blurred.

With the trend of diversification

into other financial sectors

well under way, a period of political and financial stability to consolidate banking strategies and to build up market shares was in much need but now appears far off," a Danish banker said.

The banks, competing for declining shares of a shrinking bond

and stock market, have seen their

constituting not less than 5 million Danish kroner (\$716,000) as well as compliance with requirements concerning capital cover.

Moreover, to keep up with the rapid liberalization in international capital markets, the Copenhagen Bourse began to go electronic this year, replacing its paper-based auction system with on-line electronic trading in a selected series of stocks and bonds.

However, the banks' success in new lines of business will depend on how the market performs in the postelection environment. According to share analysts, stability is hardly the word on market-play

er" lips at the moment. Under Danish accounting regulations, unrealized gains and losses from securities portfolios are entered fully into the profit and loss accounts during the year in which they occur. Thus in a good year, when bond prices rise, the banks can make huge profits; but in a bad year, when prices dive, the reverse is true and losses mount.

Last year was a bad year. According to Danish Bank Inspectorate figures, the 20 largest banks registered total losses of 917 million kroner, compared with net profits of 7.8 billion kroner in 1985 — a bumper year for bonds.

They were consequently obliged to reduce their loss provisions, to 905 million kroner from 2.3 billion kroner from the previous year.

Dollar's Decline Hurts Economic Competitiveness

Continued from page 9

first introduced in 1982 to help reduce both inflation and interest rates.

However, the OECD warns that, in the absence of a krone adjustment, "wage restraint will have to be a fundamental requirement for an extended period" to prevent Denmark from losing an even larger proportion of its export market share.

Denmark's tight fiscal stance, reflected in September's budget plans to reduce the state deficit to 1.6 billion Danish kroner (\$228 million) in 1988 from an expected 4 billion Danish kroner this year, will help to halve the current account deficit from this year's expected 18 billion Danish kroner.

The external position will also be helped by measures to improve export competitiveness, which the prime minister will present when the coalition reassembles early in October. The 3.2 billion Danish kroner package includes a more lenient tax regime and swifter reimbursement of VAT payments for exporters.

In Norway, the economy is dominated by its dependence on North Sea oil revenue, which accounts for about one-fifth of total

gross domestic product (GDP). The impact of oil price changes is reflected in the krone's recovery this year after a sharp decline in 1986. In real trade-weighted terms, it has appreciated 10 percent since January after last year's 6 percent decline.

The krone came under pressure in the spring of last year when oil price weakness triggered a political crisis that led to the resignation of the Conservative-led coalition and its replacement by a minority Labor government.

The new prime minister, Gro Harlem Brundtland, was forced to begin her term of office with an austerity package that included a 12 percent devaluation on May 11, 1986. The Norwegian currency has managed to hold onto its trade-weighted basket peg since then, but only at the expense of high domestic interest rates.

Last year's oil price collapse pushed the current account into a \$4.75 billion deficit from a \$3 billion surplus in 1985, and the OECD expects a \$6 billion deficit this year.

"We are not sure how long we can finance this kind of imbalance," said Harald Bodin, head of the monetary department at Norges Bank (central bank), earlier this year.

Edta expects Finland to offset that loss by increasing exports to Western markets by 8 percent.

Edta predicts that consumer prices will

rise 3.5 percent this year and next, which will be above Finland's main trading partners. But the real effective exchange rate has remained remarkably stable since a two-stage 10 percent devaluation in October 1982.

Sweden's economy is dominated by forestry products, which account for about 40 percent of total exports and 12 percent of GDP.

The dollar's 23 percent weight has pulled the krona down 26 percent against both the Deutsche mark and the Japanese yen from its average value in the first quarter of 1985. However, Sweden has been unable to take full advantage of krona depreciation because of rapid increases in domestic wage costs.

The Swedish Industry Federation has warned that labor costs are rising too quickly compared with the country's main competitor and is concerned about Sweden's loss of market share in both home and foreign markets last year. However, union leaders are expected to call for rises of up to 15 percent to 20 percent next year following June's partial lifting of a five-month-old price freeze, which helped push inflation to 4.3 percent year-on-year in July.

MUIR-CARBY, BØTTKJÆR

DANISH STOCK SURVEY

The Muir-Carby Bøttkjær Group is pleased to announce the opening of its London office for Danish equities and the introduction of its monthly Danish Stock Survey.

For investment advice on the Danish Market please telephone Ole Søberg or Lawson Steele on 01-600 4503 or 01-606 3721.

COPENHAGEN - LONDON - NEW YORK
56-60 Gresham Street London EC2V 7BB
Telephone 01-600 4503 Telex 916136 Fax 01-606 2316

Is it our strength in Scandinavia that gives us an international edge? Or the other way around?

At Privatbanken we offer an understanding of the financial life of Scandinavia that stretches back over 130 years.

And a domestic network of over 1,000 branches, thanks to our association with the Scandinavian Banking Partnership.

It's the basis of our success.

But then so too is our global network of wholly owned subsidiaries.

The question is, which comes first?

Both, obviously. But then again, neither.

Because we know that international banking is a two way business.

Which explains why our domestic and international expansion took place at the same time.

The one serves the other.

In many ways it's a philosophical approach. Our customers bring us problems. We give them solutions. And sometimes, solutions to problems they didn't know they had.

But as our customers do know, that's a very real advantage.

PRIVATbanken
DENMARK • SCANDINAVIA • THE WORLD

COPENHAGEN · STOCKHOLM · HELSINKI · OSLO · LONDON · PARIS · BERMUDA · CAYMAN ISLANDS · SAO PAULO · NEW YORK · LOS ANGELES · MADRID · FUENGIROLA
HAMBURG · LUXEMBOURG · ZURICH · GENEVA · MILAN · MONACO · MOSCOW · TOKYO · TEHRAN · BAHRAIN · HONG KONG · SINGAPORE · SYDNEY
SCANDINAVIAN BANKING PARTNERS: Bergen Bank, Prudential, S.F. Banken, Lyng Bank of Finland



The power of foresight. Worldwide.

In a complex world where even the slightest changes in economic factors can have widespread repercussions, foresight is essential.

As the top-ranking European bank firmly established among the world's leaders, BNP puts its intimate knowledge of world economies to work for you.

With offices in 76 countries, BNP monitors international markets 24 hours

BANQUE NATIONALE DE PARIS NORGE A/S
Haukel VII & Gate 6 - OSLO NORWAY
Telephone: (2) 422860 - Telex: 7745 BNP N (General) - 76199 BNP N (Dealing room).
BANQUE NATIONALE DE PARIS SVERIGE
Smålandsgatan 20 - 11146 STOCKHOLM - SWEDEN
Telephone: (8) 7905965 - Telex: 12655 BNP S (General) 11384 BNP S (Dealing room).

BNP

Banque Nationale de Paris. World banking is our business.

a day, gathering and analysing up-to-the-minute data to keep you fully abreast of market changes. With a specialized teleprocessing network and one of Europe's most advanced trading rooms, BNP offers clients the advantage of constantly updated, clear and precise market reports to help them determine the right moment to act, in Europe... and throughout the world.

the Pace Blunts gins in Norway

Jessica, Donna, Fawn and Fame

By Andrew L. Yarrow
New York Times Service

NEW YORK — They are all young and attractive — three women catapulted into the lime-light because of their associations with three of the male heroes or villains of the summer of 1987.

Beyond these superficial similarities, Donna Rice, Fawn Hall and Jessica Hahn have little in common other than an apparent desire to cash in on their experiences, relationships and good looks in what has become the standard currency of celebrity: movie, book and television deals, commercials, magazine stories and television talk-show appearances.

Rice, 29, the Miami model and actress whose reported two-weekership with Gary Hart led to the demise of his presidential candidacy, has gathered an ensemble of career advisers and currently can be seen in several clothing commercials. Hahn, 28, a former church secretary from West Babylon, New York, who said in an interview in the November issue of Playboy that Jim Bakker, the television evangelist, and an associate forced her to have sex with them, posed topless and will be making the rounds of the talk shows. Hall, 28, the former secretary to Lieutenant Colonel Oliver L. North, who testified that she assisted him in shredding and altering National Security Council documents but made it clear that they were not romantically involved, recently signed with the William Morris Agency.

"Fame is transfiguring; it makes the person symbolic and lifts them out of the normal moral system," said Leo Brandy, who is the author of "The Frenzy of Renown," a study of the history of fame, and an English professor at the University of Southern California.

"The Greek root of 'fame' means to be talked about," he continued. "But in our world, we define fame as to be seen. There's an urge to visibility in American society. And to be seen, you have to be in movies, television or magazines."

Elizabeth Taylor said it best," said Steven M.L. Aronson, author of "Hype," a 1983 book about the manufacturing of famous personalities. "Success is the best perfume."

"It's certainly an established tradition for society to be interested in the mysterious women behind the man's downfall," said Susan Brownmiller, the author of "Femininity" and "Against Our Will."

"But it absolutely couldn't have happened if they hadn't been in their 20s, white and blond, and it couldn't have happened to a man."

"People are fascinated with the dark side of the public man," Brandy said. "And, because in America the nature of celebrity has a lot to do with the idea that anyone can make it, these women are appealing because they're bridges between the world of the normal and the world of the famous."

Public perceptions of the three women appear to be tinged with ambivalence. As Aronson said:

"The American people don't like to see people making money from crime or sin. But for the girls, the question is do you want to be poor, honest and forgotten or rich, sleazy and famous?"

Rice has been the most active in her pursuit of fame. In June she was interviewed by Barbara Walters on the ABC program "20-20," and before that, Rice was being advised by Tricia Erickson, the owner of a Washington modeling and casting agency and a friend of Fawn Hall, who has described herself as Rice's "crisis manager." She also has two Hollywood agents, a book agent, an interim manager and a lawyer, Thomas W. McAliley, who is representing her concerning "possible litigation about various photos that have been published."

On Sept. 8, Rice began appearing in two 15-second television commercials promoting a line of clothing called No Excuses. The ads contain an unmistakable reference to her relationship with Hart: "I make no excuses," she says. "I only wear them." The first of many similar magazine advertisements are due in November.

Ray Manzella, a manager, said that he had discussions on behalf of Rice with Lee Nickles, an author, about co-writing her autobiography; with ABC, about doing a television movie based on her life; with MTV, about her being a guest video jockey, and about doing other advertising deals.

An ABC spokesman, Jim Brochu, confirmed that discussions had been held, but Carol Robinson, an MTV spokeswoman, said the closest Rice had come to being on MTV was her appearance in the audience at the Video Music Awards. Curtis said that Rice and Nickles had started working on a book and that he had made "major presentations to all the important

hard-cover-soft-cover publishers, but no one was willing to pay a six-figure advance."

Playboy and Penthouse, however, did make six-figure offers to Rice, as well as to Hall and Hahn, to pose nude, according to spokesmen for the magazines. Whereas Rice and Hall have rejected the offers, Hahn accepted between \$300,000 and \$1 million for a two-part Playboy series. And as part of her current publicity barrage, Hahn has scheduled appearances on ABC's "Good Morning America," "Donahue" and the "CBS Morning Program."

Hahn said that she had made no commitments to any movie, television or book deals and that she would defer to the advice of Dominic Barbara, her New York lawyer.

"First, I want to explain to people what happened and let them see what I'm about," she said. "I did Playboy because I had felt insecure as a woman and, for seven years, felt like a slave to what had happened. I posed to be free of this."

Barbara said he had advised her to tell her story in Playboy, and said that he had also had discussions "with all four networks, including Fox, about a three-part miniseries, as well as with six or seven publishers and several agents" about a possible autobiography.

"One of the nighttime soaps wanted Jessica to appear in about 10 episodes," he added. "And people have asked us to do endorsements, particularly in Japan and France," he said.

By comparison, Hall has kept a low profile. However, in August, the part-time model signed with Ron Yater and Norman Brokaw, East and West Coast agents with the William Morris Agency, and,



From left, Rice wearing "No Excuses;" Hall swearing the oath; Hahn pleading innocent.

on Sept. 15, she appeared on a Barbara Walters television special.

On the program, she acknowledged that she was considering the idea of being a talk-show host, and said that politics had "crossed my mind."

But if the past holds any clues about these three women's prospects for enduring fame, their chances are not very good. In 1963, Christine Keeler, a London call

girl, briefly became the talk of Britain because of her affair with John Profumo, then Minister of War. After being discovered in Washington's Tidal Basin in 1974 with Rep. Wilbur D. Mills, who was chairman of the House Ways and Means Committee, Fanne Foxe, a stripper, also made headlines and a quickly forgotten movie, "Posse From Heaven." Elizabeth Ray, secretary for Rep. Wayne Hays, re-

vealed the details of her affair with her boss in her 1976 book, "The Washington Fringe Benefit," and is reported to still be pursuing an acting career in New York. In 1980, Rita Jenrette, who was married to Rep. John W. Jenrette, told of sex on the Capitol steps, posed for Playboy, made a film called "Zombie Island Massacre" and is also said to be a still-aspiring actress.

Despite what McAliley de-

scribed as a media "feeding frenzy," few observers expect Rice, Hall and Hahn to fare much better than their predecessors.

"They'll be next year's trivia question," Brandy said.

"It's a classic case of hype," Aronson said, "which is much more about something than that something is worth."

And even McAliley doubted, in the long run, if his client would be more than "a footnote to history."



Allan Botchinksy and Marion Kaempfert.

Exporting Jazz to the U.S.

By Mike Zwernick
International Herald Tribune

PARIS — Trying to sell a demo tape of "First Brass" in the United States for more than a year, Marion Kaempfert spent "many pleasant hours with fantastic record company presidents" who praised her product but said it was "too good for our catalogue."

"How can anything be too good?" she wondered, not having been in the jazz business before.

The First Brass group can be superficially described as a hip Tijuana brass. Two trumpets and two trombones (no rhythm) are overdubbed up to three times to make a brass section that plays material from "The Lady in Blue" to "Weigand." The trombonists Bert and Erik van Lier are Dutch, the Englishman Derek Watkins plays lead trumpet and the jazz solos are by the leader and arranger Allan Botchinksy, who worked with the Danish Radio Big Band (once led by Thad Jones) for 20 years and now lives in Hamburg, as does Kaempfert.

She runs the estate of her father Bert Kaempfert, principally publishing rights for his 500 songs, including "Strangers in the Night," and the 45 albums recorded by his orchestra. She believes her father would be pleased that his catalogue subsidized the creation and marketing of "this quality product nobody wanted in America."

Testimonials, Leonard Feather: "The musicians' technique is remarkable . . . a most successful album." Bob Brookmeyer: "Superb." Dizzy Gillespie: "Derek Watkins is Mr. Lead trumpet." Bass Player Magazine: "You MUST add this album to your collection."

But this is not so much a biography of people or a band as a story about selling quality music in a business run by accountants for whom quality is programmable. After listening to several tracks, a major record company's "brass expert" — a young lawyer in dire need of expertise — said: "It's not commercial enough." He told her that he plays cornet in a Dixieland band every Saturday. The First Brass album was used as a soundtrack for the TV documentary "Hamburg, Picture From a Big City," aired by West Germany's ZDF network in July. It was so

effective and well received that Kaempfert formed her own label, M.A. Music, and released the album in West Germany.

Then she unexpectedly signed a deal in an unlikely place, Minneapolis, with a distribution and packaging outfit called K-Tel, which makes those speedy one-min-

music in the first place is bound to do a double-listen to "Dialogue."

So a hard-sell slacker-music

marketeer in the American heartland looks to Europe for its jazz catalogues. Europe, supplying the birthplace of jazz with its own music is not, in fact, without precedent. Django Reinhardt, Joe Zawinul, Jan Hammer, Jean-Luc Ponty and NHOP are previous examples. Munich's ECM Records released Keith Jarrett's "Köln Concert," one of the best-selling albums of the '70s in the United States. And this year's Down Beat critics poll named the Italian Giovanni Bonadonna and his Milanese Black Saint/Soul Note Records as jazz producer and label of the year.

Jazz appears to be moving across the Atlantic from Europe instead of up the Mississippi from New Orleans.

It's commercials you see on late night and local TV in the U.S. advertising a collection of 20 singers' greatest hits on a record available in your neighborhood supermarket for, like, \$2.99. The machine gun voice-off sounds like a tobacco auctioneer. Not exactly a class operation. K-Tel wanted to add jazz and, being unapologetic salesmen, were smart enough to realize they have no smarts on the subject. They were objective enough to hear First Brass' combination of quality and commercial potential. But they wanted the entire label and Kaempfert got more than she bargained for — a distribution deal retaining complete artistic control for 6 to 12 albums a year, all either made or produced by Botchinksy.

"First Brass" is scheduled for October release in the United States. M.A. Music's second album is a "Dialogue" between the Chet Baker-esque Botchinksy and his fellow Dane, the bassist Niels-Henning Ørsted Pedersen, who could not accept Count Basie's offer of a job when he was 17 because he was too young for an American working permit. Later he worked for many years with Oscar Peterson. Most jazzmen agree with Lemire Tristano's assessment: "Niels may be the best bassist in the world."

NHOP has been known to fall asleep practicing with the bass on his stomach. Although a bass and trumpet duet might not seem like viable instrumentation, anyone who takes the trouble to listen to

In Lucerne/Vitznau,
your preferred
choice is the

Park Hotel Vitznau

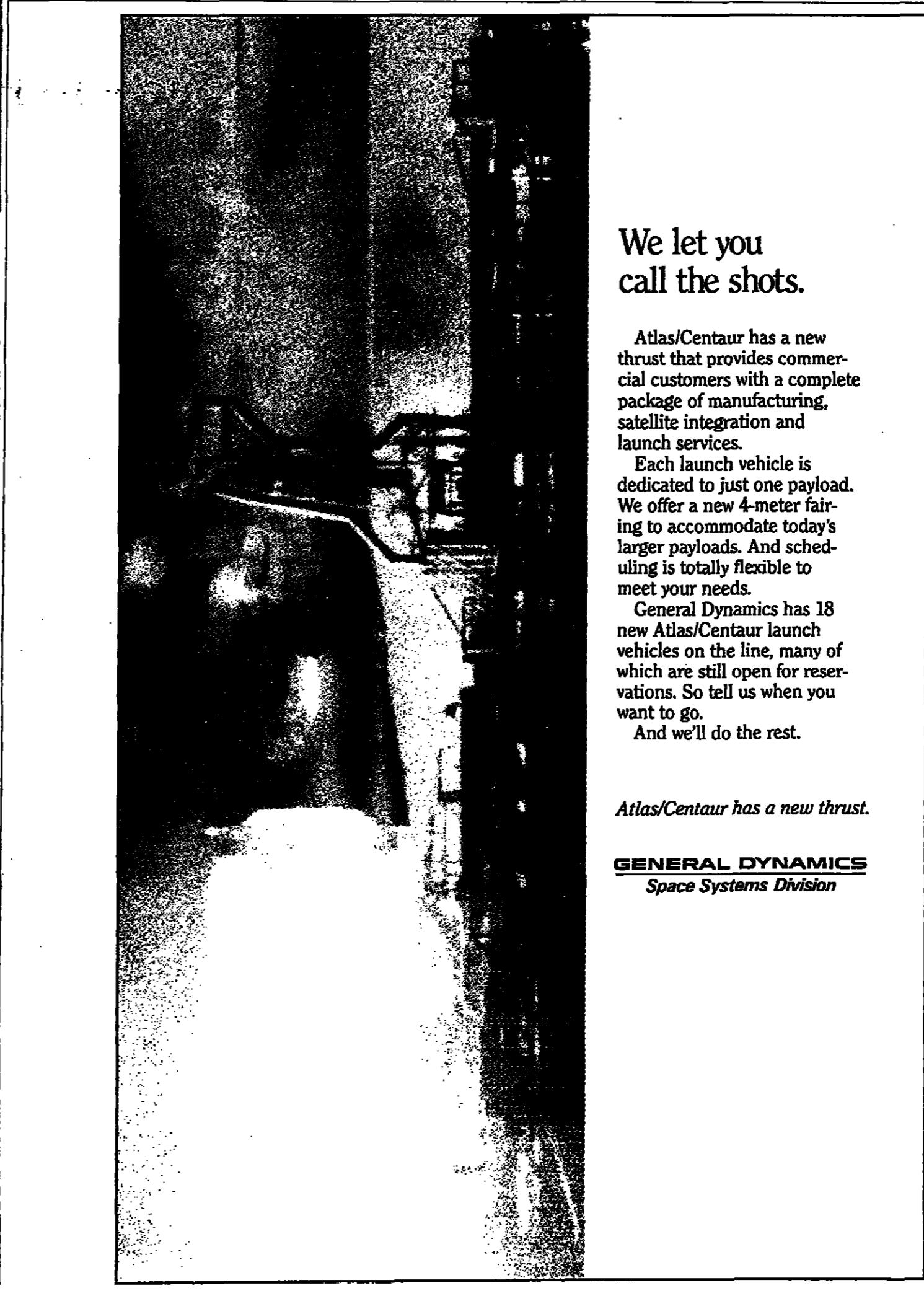
The Park Hotel Vitznau lies directly on the shore of the Lake Lucerne in the heart of Switzerland, at the foot of the Rigi, facing an alpine panorama mirrored in the placid waters of the lake. Hardly one hour's journey by motorway from Zurich airport but far away from the bustle of everyday life.

PREFERRED HOTELS

United States, Canada,
Caribbean, Europe and Far East.
For reservations call your travel
planner or:

France (1) 42-27-00-07,
Frankfurt (069) 23-03-04,
London (1) 409-0814,
Stockholm (08) 21-75-25,
Switzerland 046-05-45-45,
Sydney (02) 358-5011 or
toll-free (008) 222-112,
Tokyo (03) 276-8118.

© P.H.T. Preferred Hotels Worldwide. All rights reserved.



We let you
call the shots.

Atlas/Centaur has a new thrust that provides commercial customers with a complete package of manufacturing, satellite integration and launch services.

Each launch vehicle is dedicated to just one payload. We offer a new 4-meter fairing to accommodate today's larger payloads. And scheduling is totally flexible to meet your needs.

General Dynamics has 18 new Atlas/Centaur launch vehicles on the line, many of which are still open for reservations. So tell us when you want to go.

And we'll do the rest.

Atlas/Centaur has a new thrust.

GENERAL DYNAMICS
Space Systems Division

IT is one of the world's foremost producers of automotive equipment.
 IT is one of the largest luxury hotel chains in the world.
 IT is a leader in defense technology.
 IT is an insurance company with assets of \$19.8 billion.
 IT is one of the fastest growing financial service companies in America.
 IT is a partner in the largest telecommunications manufacturing company in the world.

= CAYM

For further

man

Islands

appears in

this form

= C.R.C.C.I. F

= Cayman I

Monday's **AMEX** Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere
Via The Associated Press

12 Month					Sts.	Close				
High	Low	Stock	Div.	Yld.	PE	Hld	High	Low	Quot.	Ch'ge

12 Month	High	Low	Stock	Div.	Yld.	PE	Sls.	100s	High	Low	Close	Quot.	Chg%
7%	1%	AndJcb	20	17	134	176	20	20	176	12	12	-5%	-5%
12%	7%	AngloA	24	67	124	12	12	12	12	12	12	+ 2%	+ 2%
2%	1%	AngEng	37	24	216	216	21	21	216	216	216	-1%	-1%
11%	7%	AngEn er	52	24	216	216	21	21	216	216	216	-1%	-1%
9%	7%	AngEn er	54	46	216	216	21	21	216	216	216	-1%	-1%
6%	3%	AngEn er	5	8	8	8	8	8	8	8	8	-1%	-1%
8%	2%	AngEn er	20	45	446	436	45	45	446	436	436	-1%	-1%
12%	3%	AngEn er	347	76	792	792	79	79	792	792	792	-1%	-1%
30%	10%	ArrowA	20	23	8	1	1	1	1	1	1	-1%	-1%
11%	2%	ArrowA	24	34	200	29	29	29	29	29	29	+ 2%	+ 2%
9%	5%	ArrowA	662	916	916	916	916	916	916	916	916	-1%	-1%
1%	1%	ArrowA	828	100	100	100	100	100	100	100	100	-1%	-1%
1%	1%	ArrowA	84	14	14	14	14	14	14	14	14	-1%	-1%
10%	5%	ArrowA	1415	104	104	104	104	104	104	104	104	-1%	-1%
10%	5%	ArrowA	14	18	76	76	76	76	76	76	76	-1%	-1%
2%	1%	ArrowA	1618	1	1	1	1	1	1	1	1	-1%	-1%
20%	3%	ArrowA	417	235	214	214	214	214	214	214	214	-1%	-1%
3%	1%	ArrowA	19	11	114	114	114	114	114	114	114	-1%	-1%
8%	1%	B											
11%	6%	BAT	276	24	14	222	111	111	111	111	111	+ 1%	+ 1%
24%	7%	BDM s	14	35	35	35	35	35	35	35	35	-1%	-1%
20%	5%	BDM s	120	118	10	36	184	186	186	186	186	-1%	-1%
5%	2%	BDM s	27	17	54	54	54	54	54	54	54	-1%	-1%
20%	11%	BDS s	1451	120	37	555	144	144	144	144	144	+ 4%	+ 4%
24%	5%	BDS s	55	29	1	1	19	19	19	19	19	-1%	-1%
7%	2%	Boker s	8	11	10	136	136	136	136	136	136	-1%	-1%
3%	1%	Boker s	50	71	112	112	112	112	112	112	112	-1%	-1%
11%	4%	Boker s	415e172	13	8	206	246	246	246	246	246	-1%	-1%
10%	5%	BirkBld	40	54	7	113	74	74	74	74	74	-1%	-1%
5%	1%	Birco	14	3	114	114	114	114	114	114	-1%	-1%	
14%	5%	Birco	26	15	84	84	84	84	84	84	-1%	-1%	
10%	5%	Birco	12	106	84	84	84	84	84	84	-1%	-1%	
8%	2%	Birco	176	114	9	74	74	74	74	74	74	-1%	-1%
18%	5%	Birco	405	25	24	24	24	24	24	24	24	-1%	-1%
9%	1%	C											
27%	10%	Birco	51e	2	18	76	64	64	64	64	64	-1%	-1%
27%	10%	Birco	32	13	76	64	64	64	64	64	64	-1%	-1%
6%	2%	Birco	19	4	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	72	23	10	3176	3176	3176	3176	3176	3176	-1%	-1%
24%	7%	Birco	221	21	405	286	294	294	294	294	294	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	26	26	2376	2376	2376	2376	2376	2376	-1%	-1%	
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%
24%	7%	Birco	22	1	21	21	21	21	21	21	21	-1%	-1%
24%	7%	Birco	100	31	13	76	64	64	64	64	64	-1%	-1%

(Continued on Page 21)

W
one fu
\$50

Marlboro

Come to flavor



**Marlboro, the number one
cigarette in the world.**

BUSINESS ROUNDUP

Judge Freezes Holding in Newmont

The Associated Press

WILMINGTON, Delaware — Consolidated Gold Fields PLC, the British company that is trying to help Newmont Mining Corp. defeat a hostile bid by T. Boone Pickens to complete its recent purchases of 15.8 million shares of Newmont stock but must hold them inactive until a hearing later this week, a Delaware judge ruled Monday.

Vice Chancellor Jack B. Jacobs of Delaware Chancery Court ordered Consolidated Gold Fields either to place in escrow or hold separately the \$1.5 billion worth of shares it scooped up in a "market sweep" last week.

That purchase prevented Mr.

Pickens from proceeding with his bid for control.

Judge Jacobs said "those shares shall not be voted or otherwise used to alter the status quo."

The ruling came in the form of a written amendment to a temporary restraining order Judge Jacobs had issued last week at the request of Mr. Pickens' group, Ivanhoe Partners. The temporary order blocked Consolidated from buying any more Newmont shares.

Judge Jacobs said the fate of the 15.8 million shares, which would raise Consolidated's share in Newmont to 49.7 percent, would be addressed at a hearing on Thursday.

In his ruling Monday, the judge

appeared to agree with arguments in support of Consolidated and Newmont that undoing the massive purchases would be unprecedented and probably undermine market confidence.

The New York Stock Exchange and National Securities Clearing Corp. filed an affidavit Friday seeking to block the Pickens effort to undo the Consolidated purchase.

The judge directed attorneys in the battle to further consider how to resolve the question, including the possibility of allowing Mr. Pickens and Consolidated to bid competitively for the separately held stock.

Newmont stock rose \$2 a share to \$97 on the New York Stock Exchange after the eco-cofining Monday, apparently reflecting investors' belief that the judge's order means the takeover battle is far from over.

Lawyers for Ivanhoe had contended that an agreement under which Newmont allowed Consolidated to buy up to 49.9 percent of its stock amounted to an illegal scheme that would hurt Newmont shareholders by preventing Ivanhoe's latest takeover offer from proceeding.

Both sides had said they would not oppose a temporary solution under which Consolidated's Newmont shares are held in escrow until the matter is resolved.

Disney to Buy Wraher Corp.

The Associated Press

BURBANK, California — Walt Disney Co. said Monday it had agreed with Industrial Equity Pacific Ltd. of Australia to buy Wraher Corp. for \$152 million.

Disney advanced a bid Sunday for 11 ordinary Benlox shares for every 2 ordinary Storehouse

shares and valuing Storehouse at 501 pence each.

Storehouse's shares rose on news of the bid to close at 384 pence Monday on the London Stock Exchange, up from 349 pence Friday.

Benlox's offer follows Storehouse's rejection last week of a bid by the Mountleigh property group. That offer was valued at £1.8 billion, or 445 pence per share.

The board said it would recommend that shareholders reject the offer. But Peter Earl, who was confident the bid would succeed.

He commented that Storehouse shareholders resented that they had not been given a chance to vote on the Mountleigh bid. "That sentiment was the catalyst for us making an offer," he said.

AMSTRAD: U.K. Computer Firm, Leader in Europe, Expected to Find U.S. Market Tougher

(Continued from first finance page) expected 100,000 units of Amstrad's basic inexpensive word processor, a best-seller in Europe, and ever really marketed the product aggressively, according to Mr. Sager.

"Sears didn't have a clue," Mr. Sager claimed. "They got it all wrong."

But American analysts said the consumer sales were as much Amstrad's fault as Sears'. In the more competitive U.S. market, they said, Amstrad's price and product simply did not stand out the way they do in Europe.

To help increase its presence in the United States, Amstrad earlier this month acquired its Texas-based distributor, Video, for \$7.5 million. The purchase gives Amstrad greater control over its U.S. marketing and eliminates pay-

ments to a middleman distributor, reducing cost pressures.

By the middle of next year, Mr. Sager said, he hopes to increase U.S. sales as a percentage of Amstrad's revenues from the current 8 percent to about 30 percent. And before the end of the decade, he said, the United States could well become Amstrad's leading market.

Currently it sells about 9,000 units a month of its IBM-compatible PC-1512 through 900 dealers. The PC-1512 range, launched in the United States last January, sells for \$399 to \$1,599, depending on options.

Amstrad will introduce two new computer lines in the United States next month. The PCW-9512 word processor, priced at \$799, includes a computer and letter-quality daisy-wheel printer. It will also move upmarket with the PC-1640 range

of IBM-compatible computers, which offers more features than the PC-1512. The PC-1640 ranges will sell for \$399 to \$1,999.

Amstrad's prospects in the U.S. market are uncertain, according to analysts. In Europe, the key to success has been to offer low-cost but dependable products into a market that was in its formative stage, attracting first-time computer owners.

However, skeptics point out that every function farmed out to someone else means paying a middleman. In the more cutthroat U.S. market, they predict, those additional costs will mean Amstrad will have a hard time competing against the aggressive East Asian producers, who are willing to cut profits to nil to gain market share.

"Amstrad's whole philosophy is to give the customer a decent product at a price," noted Seymour

Dassault Warns of Job Cuts

Special to the Herald Tribune

PARIS — Avions Marcel Dassault-Breguet Aviation, which has reported a severe drop in foreign orders for its Mirage jet fighters, is sending letters to its 15,000 employees this week warning that more employment cuts will be necessary.

A company spokeswoman said she did not know how many jobs would be affected, but the newspaper Le Monde said Monday that as many as 1,000 may be cut. Earlier this year, Dassault cut 833 jobs.

The French government gave Dassault the go-ahead in February to develop its next generation of fighter plane, the Raphale, but production isn't expected to begin until 1990.

Le Monde reported that the letter was signed by the company's chairman, Serge Dassault, who called the situation "very worry some" and said it "obliges us to re-examine the problem of our work force, which is becoming rapidly over-abundant."

Dassault reported Sept. 17 that pretax earnings in the first half of 1987 fell 90 percent, to 42.6 million francs (about \$7 million at current rates) from 427.7 million francs a year earlier. Sales were flat, at 6.6 billion francs. That decline in net earnings followed a 36 percent drop in 1986, to 293.4 million francs, on sales of 15.6 billion francs.

The company's stock, which has declined significantly this year, closed Monday on the Paris Bourse at 960 francs, up from 960 Friday.

Immediate Premium Expected for BP Issue

Reuters

LONDON — The fixed-price shares of British Petroleum Co. being sold by the government are expected to begin trading immediately at a premium of 25 to 30 percent when dealing begins at the end of October, according to merchant bankers and analysts.

The shares represent about half of the government's £5.1 billion (\$12.3 billion) total offering.

The fixed-price offering will be made to the British public and existing BP shareholders. Payment for the shares will be in three roughly equal installments on application in October, in August 1988 and in April 1989.

The analysts predicted that those shares would be offered to individual investors at a fixed price about 5

percent below the prevailing market price and with a much higher yield than fully paid BP shares will have.

The rest of the shares will be sold in an international offering to British institutions and foreign investors.

Michael Richardson, the managing director of N.M. Rothschild & Sons Ltd., the government's advisers for the issue, said that a market premium of about 25 percent could result if the private-investor tranches were priced at about 340 pence and if fully paid shares were priced at about 360 pence on the market.

BP shares closed Monday in London at 376.00 pence, up from 374 pence Friday.

The international tranches will be marketed through investment dealers.

ers in Europe, North America and Japan under a form of bidding that could yield a higher price for the fixed-price issue for the private British investors.

The pricing of this tranche will not be known until Oct. 30. Dealings in the partly paid shares start then, although individual investors will not receive allotment letters for more than a week.

BP has predicted that shareholders will receive a final 1987 dividend of 8 pence per ordinary share.

Employees Acquire Avis

In \$1.75 Billion Buyout

Compiled by Our Staff From Dispatches

GARDEN CITY, New York —

Employees have bought Avis Inc.,

the second-biggest U.S. car rental

company, for \$1.75 billion from

Wesray Capital Corp., Avis said

Monday.

It said that the transaction was accomplished through an employee stock ownership plan in which its 11,000 workers bought all of Avis's outstanding shares.

Wesray is a privately held company specializing in leveraged buyouts. Wesray investors, including Avis management, acquired the car rental company in July 1986 from Beaird Cos. for \$265 million.

In a leveraged buyout, a group,

usually management, borrows money to acquire a company and repays the loans with earnings of the company or sale of its assets.

Avis said that the employees would assume the company's debt under the stock ownership plan.

The company also said that its chairman and chief executive officer, J. Patrick Barrett, had resigned and would be succeeded by Avis's president and chief operating officer, Joseph V. Vittone.

Mr. Vittone began his career at Avis but spent four years at Herz Corp., the biggest U.S. car rental company, before returning in 1982.

It was announced last week that Avis was involved in talks on a possible sale. A company spokesman, John Britton, said then that its options included a sale to the public through a stock offering.

Avis said that the employee purchase was financed by \$395 million in loans from General Motors Acceptance Corp., Pittsburgh National Bank and Chrysler Credit Corp.

An additional \$1 billion in loans was received from a syndicate headed by Irving Bank Corp. Avis said that bridge financing of \$255 million was provided by Drexel Burnham Lambert Group Inc. and Kleinwort Benson Ltd.

The company said that \$135 million was raised through the sale of preferred stock to shareholders in exchange for common stock.

(AP, Reuters)

RICOH COMPANY LTD. (CDR)

The underlined amounts are the Amund Report 1987 of Ricoh Company, Ltd. will be available in Amsterdam at: Algemene Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Bank Mee & Hope N.V., Pierson, Haldring & Pierson N.V., Kaa-Associate N.V.

AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, 14th September, 1987.

Craving Capitalists

Nobody seemed to love Caterpillar Tractor when Indigo first recommended it during high-dollar days. But now a huge highway-extension program is starting and with orders rebuilding Caterpillar is dealing with growth-train CAD/CAM specialists in computer-integrated manufacturing. Write phone or telex for complimentary coverage.

Indigo is a licensed broker.

Anda Palma de Mallorca 43, Terrassa, Malaga, Spain.

Telephone 34-52-333660 - Telex 784223.

FOREIGN & COLONIAL RESERVE ASSET FUND

	PRICES AT 2/9/87
A. U.S. DOLLAR CASH	\$10.23
B. MULTICURRENCY CASH	\$14.17
C. DOLLAR BONDS	\$12.42
D. MULTICURRENCY BONDS	\$11.79
E. STERLING CASH	\$11.79
F. DEUTSCHMARK BONDS	DM410.14
G. YEN BONDS	YEN102.00
H. ECU BONDS	ECU104.46
I. STERLING EQUITY	£112.22
M. STERLING BONDS	£112.22
N. JAPANESE EQUITY	YEN112.00
O. GLOBAL EQUITY	\$12.42
Z. CASH	\$10.23
Z. GOLD	\$11.59
MANAGEMENT & COLONIAL INVESTMENT PARTNERS LIMITED	
14 MULCASTER STREET, ST. JAMES, LONDON, S.W.1, U.K.	
TELEX 419200 FOR OTHER F & C FUNDS, SEE INTERNATIONAL FUNDS LIST	

RICOH COMPANY LTD. (CDR)

The underlined amounts are the Amund Report 1987 for the year ended 31st January 1987 of Solikids House, Ltd. will be available in Amsterdam at: Algemene Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Bank Mee & Hope N.V., Pierson, Haldring & Pierson N.V., Kaa-Associate N.V.

AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, 14th September, 1987.

AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, 16th September 1987.

What makes one futures broker \$50,000 better?

Imagine being rewarded for your investment performance with a cash bonus of \$50,000, on top of the profit you make.

Wishful thinking? Not at all.

This is precisely what CAL Futures is proposing in a new programme to encourage experienced traders.

This is how it will work.

Firstly, you agree to open an account with \$50,000 for futures and options dealings.

You will then trade in direct competition with other participants for a period of six months.

Your identity will remain undisclosed but monthly reports will advise you of your relative position.

Then, at the end of the period, the top performing account will receive a cash bonus of \$50,000, doubling the original investment.

• Price Waterhouse will audit the results.

Applications must be completed by 30 October 1987 as the competition will start on 2 November 1987.

If you want to find out more, write or telephone Patrick Folkes for the rules at CAL Futures Ltd, Windsor House, 50 Victoria Street, London SW1H 0NW (01-799 2233). Or see Reuters, page CAL1.

China's first international business magazine.

Jointly published by
Business Week, International Management, and the People's Republic of China



and cover a broad range of business and economic news.

Financial trends. Management techniques. Product and marketing development. Start speaking the language of new opportunity.

Frankfurt: Percy Hahnbach (6

CURRENCY MARKETS

Dollar Is Boosted by Currency Pact

By Our Staff From Dispatches

YORK.—The dollar rose in New York on a market that traders stabilized by reaffirming currency trading ranges by ministers from the Group of Ten.

In New York, the dollar closed at Deutsche mark, up from Friday's close. The dollar also closed in New York at 144.35 Japanese yen, up 55 Friday. The dollar closed at 6.0905 francs, up from 6.0720, and 10 Swiss francs, up from

1.51.6390, against \$1.6425

Friday's news has re-
vealed the volatility from the
Marie Varick Martin, a Union
Switzerland vice president,
only did the ministers reaffirm
the concept of target trading
around the Louvre accord
"February," they reaffirmed
themselves.

Both the central banks are
said from revealing the
Mr. Martin said the dollar
to have been fixed again
at levels ranging from
85.

According to Mr. Martin, the
fixed trading level of the
dollar the yen appears to be
2 to 1.47.

But as the central banks
the targets, there's not
can take the dollar out of
play," he said.

Said that, coupled with
eases, relatively high U.S.

interest rates will probably ensure
dollar levels of dollarization
as the dollar market
stable, money will flow to
rates are highest," he
investors will want dollars
edge benefits."

London Dollar Rates

Compiled by Our Staff From Dispatches

against the British pound, which
closed at \$1.6415, against \$1.6425
on Friday.

Dealers said that little fresh had
emerged at the weekend financial
meetings that might prove of lasting
support for the dollar.

Some dealers said they believed that
while central bankers and finance
ministers had pledged their determination
to hold the dollar at around current levels, the continuing
weight of the huge U.S. current
account deficit would sooner or later
dictate a further dollar fall.

The pound closed on a trade-
weighted basis at 73.2, up from
Friday's close at 73.0 and compared
with 72.7 soon after release
of the trade figures last week.

Earlier in Europe, the dollar was
fixed in Frankfurt at 1.5253 DM,
up from 1.5207 on Friday, and in
Paris at 6.0835 French francs, up
from 6.0725.

The dollar closed in Zurich at
1.5130 Swiss francs, up from 1.5115
on Friday. (UPI, Reuters)

IMF: Saying Crisis Is Deeper, Fund Affirms Baker Plan

Continued from Page 1

for the poor nations within the
IMF, said that the 1980s were be-
coming a "lost decade" for the de-
veloping nations.

However, the Interim Com-
mittee, chaired by Finance Minister H.
Onno Rooden of the Netherlands,
indirectly rebuked the G-24 for
that warning. It observed that "uni-
lateral initiatives carry heavy risks
for all parties."

Instead, the Interim Committee
counselled the heavy debtor countries
to put more effort into shaping
up at home. It emphasized the
overriding need for heavily-indeb-
ted countries to pursue policies
aimed at restoring macroeconomic
balance and domestic confidence
and enhancing growth prospects.

At the same time, the committee
conceded that there have been
cases where medium-size debtor
countries had taken such steps and
improved their creditworthiness —
only to be rebuffed by the banks
when they sought easier credit
terms. Other IMF sources said that
Costa Rica was a case in point.

Asked about such cases, the
managing director of the IMF, Mi-
chael Camdessus, said that the fund
would "suggest special care" on the
part of banks to ensure that the
progress made in these smaller
countries is not jeopardized by "the
slowness" of the banks to act.

Mr. Camdessus, asked about the
Interim Committee's forecast that
the debt problem would take longer
to solve than had been anticipated,

said that "even if we have to stay

Japan's Output Declines 0.6%

Compiled by Our Staff From Dispatches

against the British pound, which
closed at \$1.6415, against \$1.6425
on Friday.

Dealers said that little fresh had
emerged at the weekend financial
meetings that might prove of lasting
support for the dollar.

Some dealers said they believed that
while central bankers and finance
ministers had pledged their determination
to hold the dollar at around current levels, the continuing
weight of the huge U.S. current
account deficit would sooner or later
dictate a further dollar fall.

The decrease from July was
chiefly caused by two more
holidays than in the preceding
month, officials of the Ministry
of International Trade and Industry
said. Output had risen a revised 1 percent in July.

The Angus index of mining and
manufacturing stood at 125.8, against 100 for the base
year of 1980, the ministry said.

Officials said industrial production
was expected to rise 6.3 percent in September over August, but drop 2.7 percent in October.

Unadjusted, output rose 5.5
percent in August from a year
earlier. (AFP, Reuters)

FISH: West German Industry Founders on TV Program on Worm Hazards

(Continued from Page 1)

the health hazard posed by worms
and researchers hired by Monitor
said that they had found live worm
larvae in jars of pickled herring
taken from supermarket shelves.

The show concluded that the voluntary
regulation of West Germany's
fishing and fish processing industry
was ineffective, and called for
federal laws to control the industry
and protect the public.

The immediate reaction was
more drastic: The West German
fish market collapsed overnight.

"Sales on the coast fell by 50
percent; inland they fell by 80 percent,"
said Horst-Günter Wyremba,
spokesman for the Fischwirtschaftliches
Marketing-Institut, a government-funded
industry association created in the
1960s to promote fish consumption.

Auction prices were halved.
Fishermen began avoiding
Bremenhaven because prices were
so low. Many of our own fishermen
could no longer cover the cost of
bringing fish to auction."

The federal ministry for health
reacted two days after the program by
ordering fish imports inspected.
It is preparing regulations on fish
processing designed to control the
worm problem, which are expected
to go into effect by mid-October, a
spokesman for the ministry said.

The collapse was in stark contrast
to the preceding trend. West Ger-
many fish sales were up 14 percent, to
7.1 billion Deutsche marks (\$4.2 billion),

in 1986 and were running 10
percent higher in the first six months
of 1987, Mr. Wyremba said. West
Germans annually eat 1.2 kilo-
grams (29 pounds) of saltwater fish
per person, according to government
statistics. (That compares with
Japan's world-leading per capita
consumption of 70 kilograms.)

Since the broadcast, auction
prices have, in general, recovered,
with a pound of salmon again bring-
ing from 1.19 DM to 1.30 DM at
auction, instead of the 60 to 70 per-
cent of early August. But sales vol-
ume remains paltry. Consumers are
still shunning fish.

Even Monitor's creators were
stunned by that reaction.

"We expected some reaction, that
fish sales would fall by maybe 10
percent for a while," said Jürgen
Thebarth, a Monitor editor who was
the author of the July 28 program.

"But we never imagined the con-
sumer reaction would be so intense."

Whether the worms pose a serious
health threat is debatable. But Moni-
tor and industry officials agree that
fish have always had worms, and
that they pose no threat if the fish
are deep-frozen or thoroughly
cooked if fresh.

Why a rising number of fish have

been found in jars of pickled herring
is not clear.

Even so, the worms are disputed. Monitor linked it

to higher concentrations of fertilizer
in the sea. The industry believes that
laws banning the hunting of seals
and some whales, the most common
hosts for round worms, have con-
tributed to the increase.

The changes sought by Mr. Thebarth,
which include removing more of a fish's stomach just after it
is caught, to eliminate many of the
worms, are already fairly wide-
spread in the industry, experts said.

But if the situation does not improve
soon, it may become a drasti-
cally smaller industry. Mr. Wy-
remba estimated that about half the
30,000 jobs are threatened.

The damage has been amplified
by the predominance of small-
and medium-sized companies, said
Reinhard Wirtz, a member of the
Bremen Senate, which has jurisdiction
over Bremenhaven. The Senate has
made about 1.5 million DM
available to help fishermen freeze
and store their catches until prices
improve, and is offering small com-
panies interest-free credits of 5,000
DM to help tide them over.

Unfortunately, these compa-
nies, with fewer than 400 or 500
workers, run into serious financial
trouble very fast," Mr. Wirtz said.

Many of them may not survive."

Heinrich Koch GmbH in Bre-
menhaven is a typical smaller com-
pany. Heinrich Koch has been buy-
ing, processing and selling fresh

fish for over 40 years, and is a
familiar figure in the auction hall.

"My sales fell by 70 percent right
after the program," Mr. Koch said.
"Now they're only off about 50
percent, I was down to three or four
workers, but I just called back one
of the four workers I had to lay off.
There are no workers in my fish. We
have given every one of them by hand,
not with machines."

So far, Mr. Wyremba said, about
40 workers in the Bremenhaven
area have lost their jobs, with more
dismissals expected. Another 1,400
are working shorter shifts, others
have been given extended vaca-
tions.

Large companies, too, have been
badly hurt. Nordsee Deutsche
Hochseefischer GmbH of Bre-
menhaven has more than 5,000
workers and annual sales of just
more than 1 billion DM from a
nationwide chain of 160 retail fish
and seafood shops and 120 fish
restaurants. Windows in those
shops now have signs proclaiming
"Our fish is safe," said Kurt Que-
feld, Nordsee's general manager.

"The decline in our sales for the
year will be considerable," he said.
"And we may have fared better
than most because we have nearly
complete control of the processing
of our fish. We are slowly rebuild-
ing credibility."

Winning back consumers is like-
ly to be a slow process. Mr. Wy-
remba said the federal government
has pledged about 1 million DM
for an advertising campaign coun-
tering the bad publicity, but does
not expect it to get under way be-
fore the end of October.

In the Bremenhaven auction hall,
no one wanted to hear about that.
The fishermen had their own idea
of how to cope with the problem.

"We've had enough of worms,
enough of reporters, photographers
and TV cameras," said one fisher-
man, who refused to identify him-
self. "What we need is for people
to go away and leave us in
peace. Then people will forget
about this garbage and begin to eat
fish again."

Monday's AMEX Closing

Tables include the nationwide prices
up to the closing on Wall Street
and do not reflect late trades elsewhere.

High Stock

Div. VM PE SL

SL High Low

Close

Div. VM PE

(Continued)

Monday's OTC Prices

NASDAQ prices as of
New York time.

Via The Associated Press

Sales in
Div. VM PE SL

High Low

4 P.M. CDT

Market G.D.B.

ART BUCHWALD

Making It in Paris

PARIS — They are celebrating the 100th anniversary of the International Herald Tribune in Paris this week and I'm here for the party.

I'm proud to say that I have been continuously associated with the Tribune for 38 years. Fourteen of them were spent in Paris and were the happiest years of my life, except for the first three, when I lived there as a bachelor.

I went to Paris as a student in late 1948 and lucked out by getting a job on the Tribune in early 1949. The position was restaurant and night-club critic and the pay was \$25 a week.

I had impeccable credentials for reviewing French restaurants. Previous to Paris I had dined for three years in U.S. Marine Corps mess halls.

Then for three more I am in the school cafeteria at the University of Southern California, and finally, in Paris I took my meals in Montparnasse at a Polish cooperative called the Hôtel des Etats-Unis.

Writing about food in Paris was no problem. But wines were a little trickier. So I did what almost every American in France was doing at the time — I faked it. I was told by friends that if the wine bottle had a neck it was a Burgundy, and if it had shoulders it was a Bordeaux. When it came to distinguishing reds from whites it was every man for himself.

To make the gourmet job less boring I took along an Irish-American lady from Warren, Pennsylvania, who offered to tell me what dishes were hot and what ones were cold.

The key to the good life in Paris was writing about restaurants. If someone wanted to eat well, he had to come to me.

One time the late Aga Khan called and asked if I could recommend a good restaurant. I said I would go one better and take him there. We had a great lunch and when the check came there was no move on the Aga's part to pick it up, so I took it. When I handed in my expenses, the feisty man-

ing editor, Eric Hawkins, said, "How dare you take the Aga Khan to lunch?" "I had to," I protested. "I still have relatives in Pakistan."

The Tribune didn't keep me on the food beat forever.

I started covering other stories of interest, such as the wedding of Grace Kelly and Prince Rainier, the coronation of Queen Elizabeth, the feud between Aristotle Onassis and Stavros Niarchos, the state visit to Paris of Roy Cohn and David Schine, the opening of the Istanbul Hilton, the discovery of the Dead Sea Scrolls in Israel, the breaking of the "Six Minute Louvre" record, and Elizabeth Taylor's futile attempt to walk through the Roman Olympics without getting pinched.

I also covered the International Set, which had only the most beautiful women as members. (It was French law.) Unfortunately there was this Irish-American lady from Warren, Pennsylvania, who kept following me around, so I never could sit down with them and get their real stories. It was a time of turmoil on the Continent.

I almost had a duel with the movie producer Walter Wanger over "Joan of Arc." James Hagerty, President Eisenhower's press secretary, took me to task for writing a spoof of his press briefings, and I got caught crashing a fancy costume party in Venice dressed as Louis XIV.

I mention these things not to brag, though anyone who has ever worked on the International Herald Tribune tends to do a lot of that sort of thing, but rather to show you why I'm so happy to be part of the 100th anniversary celebration.

You cannot return to Paris after having lived there for 14 years without getting teary-eyed. To celebrate the anniversary of the Tribune I want to go back to all the fleshpots and low life I knew when I was a boy columnist.

The trouble is there's this Irish-American lady from Warren, Pennsylvania, who keeps insisting since she was the only one who would eat with me in Paris 38 years ago she has a right to tag along.

It was a fascinating story of how people juggle their own personalities and how they wind up. And I thought it should be published alone because it would be such a really clever book. With all the pictures of the movie, it's like we're supposed to do and what is

By Barbara Lovenheim
New York Times Service

NEW YORK — Ever since Katharine Hepburn won the first of her four Academy Awards, for playing the role of a stage-struck tomboy in "Morning Glory" in 1933, she has wowed audiences with her unique blend of sass and class. Unlike many other actresses who have faded from view, she has taken on some of her most memorable and significant roles late in life — she won three Oscars after she turned 58, for her performances in "Guess Who's Coming to Dinner," "The Lion in Winter" and "On Golden Pond."

Now, still invincible as she approaches her 78th birthday, she has just gone to Vancouver to make another film, "Guest Appearance," a television comedy by James Pritchard about a crusty newspaperwoman who thinks she knows everything.

She also made her long-awaited

debut this month as an author with the publication of "The Making of 'The African Queen' or How I Went to Africa with Bogart, Bacall and Huston and Almost Lost My Mind" (Knopf), a 129-page memoir illustrated with 45 photographs that re-creates her sojourn from the moment the producer Sam Spiegel called her and gave her the script. The book is now 11th on the New York Times list of nonfiction best sellers.

"It's gone from storytelling to shock — or a series of shocks," she said. "Some films are brilliant — such as 'Platoon,' but some make no sense at all — they're studies in pornography.

"It seems a kind of sadism and thrashing depravity of people's private lives — and you just go mad. Because if sex reduces itself to four-letter words and visual stimulation, that is sad, because love and excitement are so far away from that. What can life be if we see no beauty in it? What magic is it that makes us like and trust and slave for someone? I have found a lot more excitement and wonder and beauty in life than is now being handed to me in films."

"Some of the things done today are funny — such as 'Tootsie' or "Annie Hall," but many are so vulgar. What is thrilling to me is a beautiful sunset or seeing a deer run through the forest."

The great films of today, she insists, are those that explore human relationships without being vulgar or sensational. "I think the ability to present the simple truth is slightly absent today, but when a picture comes along that has nothing to do with senseless violence or sexual suggestiveness, such as 'A Room With a View,' it can do brilliantly because it will explore who we are and what we're supposed to do and what is

a box of candies with all your favorites in it."

Over the years, Hepburn has attained the mystique of a culture hero because of her outspoken views on women and abortion, her distaste for sham and convention and her fierce determination to be her own boss and protect the privacy of her 27-year liaison with Spencer Tracy.

Even so, she is first and foremost an actress who has made more than 40 films and five television movies and has appeared in more than 30 stage productions ranging from musical comedies to Shakespearean dramas.

Films she laments, are running amok because too many filmmakers confuse realism with the seamy aspects of life — they have lost sight of the heroic qualities and romantic vision that are also part and parcel of the human experience. And they simply aren't dramatic.

"It's gone from storytelling to shock — or a series of shocks," she said. "Some films are brilliant — such as 'Platoon,' but some make no sense at all — they're studies in pornography.

"It seems a kind of sadism and thrashing depravity of people's private lives — and you just go mad. Because if sex reduces itself to four-letter words and visual stimulation, that is sad, because love and excitement are so far away from that. What can life be if we see no beauty in it? What magic is it that makes us like and trust and slave for someone? I have found a lot more excitement and wonder and beauty in life than is now being handed to me in films."

"Some of the things done today are funny — such as 'Tootsie' or "Annie Hall," but many are so vulgar. What is thrilling to me is a beautiful sunset or seeing a deer run through the forest."

The great films of today, she insists, are those that explore human relationships without being vulgar or sensational. "I think the ability to present the simple truth is slightly absent today, but when a picture comes along that has nothing to do with senseless violence or sexual suggestiveness, such as 'A Room With a View,' it can do brilliantly because it will explore who we are and what we're supposed to do and what is



Edward Hopper/The New York Times

The actress and author at her Manhattan home.

the most charming and acceptable long-lasting relationship."

Even though Hepburn has attained the mystique of a culture hero because of her outspoken views on women and abortion, her distaste for sham and convention and her fierce determination to be her own boss and protect the privacy of her 27-year liaison with Spencer Tracy.

Even so, she is first and foremost an actress who has made more than 40 films and five television movies and has appeared in more than 30 stage productions ranging from musical comedies to Shakespearean dramas.

Films she laments, are running amok because too many filmmakers confuse realism with the seamy aspects of life — they have lost sight of the heroic qualities and romantic vision that are also part and parcel of the human experience. And they simply aren't dramatic.

"It's gone from storytelling to shock — or a series of shocks," she said. "Some films are brilliant — such as 'Platoon,' but some make no sense at all — they're studies in pornography.

"It seems a kind of sadism and thrashing depravity of people's private lives — and you just go mad. Because if sex reduces itself to four-letter words and visual stimulation, that is sad, because love and excitement are so far away from that. What can life be if we see no beauty in it? What magic is it that makes us like and trust and slave for someone? I have found a lot more excitement and wonder and beauty in life than is now being handed to me in films."

"Some of the things done today are funny — such as 'Tootsie' or "Annie Hall," but many are so vulgar. What is thrilling to me is a beautiful sunset or seeing a deer run through the forest."

The great films of today, she insists, are those that explore human relationships without being vulgar or sensational. "I think the ability to present the simple truth is slightly absent today, but when a picture comes along that has nothing to do with senseless violence or sexual suggestiveness, such as 'A Room With a View,' it can do brilliantly because it will explore who we are and what we're supposed to do and what is

she knew exactly what to say to actors to get the right effect."

Even though Hepburn has attained the mystique of a culture hero because of her outspoken views on women and abortion, her distaste for sham and convention and her fierce determination to be her own boss and protect the privacy of her 27-year liaison with Spencer Tracy.

Even so, she is first and foremost an actress who has made more than 40 films and five television movies and has appeared in more than 30 stage productions ranging from musical comedies to Shakespearean dramas.

Films she laments, are running amok because too many filmmakers confuse realism with the seamy aspects of life — they have lost sight of the heroic qualities and romantic vision that are also part and parcel of the human experience. And they simply aren't dramatic.

"It's gone from storytelling to shock — or a series of shocks," she said. "Some films are brilliant — such as 'Platoon,' but some make no sense at all — they're studies in pornography.

"It seems a kind of sadism and thrashing depravity of people's private lives — and you just go mad. Because if sex reduces itself to four-letter words and visual stimulation, that is sad, because love and excitement are so far away from that. What can life be if we see no beauty in it? What magic is it that makes us like and trust and slave for someone? I have found a lot more excitement and wonder and beauty in life than is now being handed to me in films."

"Some of the things done today are funny — such as 'Tootsie' or "Annie Hall," but many are so vulgar. What is thrilling to me is a beautiful sunset or seeing a deer run through the forest."

The great films of today, she insists, are those that explore human relationships without being vulgar or sensational. "I think the ability to present the simple truth is slightly absent today, but when a picture comes along that has nothing to do with senseless violence or sexual suggestiveness, such as 'A Room With a View,' it can do brilliantly because it will explore who we are and what we're supposed to do and what is

what she was really like. Who's Harlow? Or Bette Davis? Who are they? Jane Fonda may have done very well with her overexercising, but the new female stars are not as thrilling to me — they're not romantic figures. They're not stars anymore — in any field — and I have no idea why, because people obviously long for them."

The actors and actresses today are still just as capable as they were years ago, she says, but there's too much self-absorption. "Today, all in capitals. There's too much talk about it — and if I see the wheels going around in an actor's head or if it's too visibly worked upon, it's exhausting. I don't think good directors tell you too much what to do."

I like acting to be a kind of a happening — Spence could just do it without a lot of talk, and Larry (Oliver) could do the same thing. Today, the only actor of that size who has come along is Robert Lindsay. He was magic in 'Me and My Girl' absolutely magic. But they are only four people I'd put on that list — Laurette Taylor, Spencer and Wilfrid Lawson, a brilliant character actor in England."

The loss of the pioneering spirit that invested filmmaking in its early years has also eroded its idealistic mission, she declared. "Making films today still has the same conviviality, but there seems to be more concentration on money that we're aware of. Louis Mayer and Sam Goldwyn were remarkable creatures because they had a romantic appreciation of the business — they had a sense of love for movies. And today it's, 'What's the record? How well did it do there?' It's become a business. Great big companies own companies and they put in money and they want to see results."

"But women have not benefited in stories because they're writing about lunatic men, or young men, or sexually deprived men, or gay men, and women have become a kind of cheap sex object or a vulgar sex object or an impossible bosomy object. They're not writing anymore about great families when big, big, fascinating female stars used to dominate films."

"Who's Garbo today? When I met her she was magic in your mind — a brilliant actress and fascinating and you didn't think

we're supposed to do and what is

she knew exactly what to say to actors to get the right effect."

Early in her career, Hepburn has attained the mystique of a culture hero because of her outspoken views on women and abortion, her distaste for sham and convention and her fierce determination to be her own boss and protect the privacy of her 27-year liaison with Spencer Tracy.

Even so, she is first and foremost an actress who has made more than 40 films and five television movies and has appeared in more than 30 stage productions ranging from musical comedies to Shakespearean dramas.

Films she laments, are running amok because too many filmmakers confuse realism with the seamy aspects of life — they have lost sight of the heroic qualities and romantic vision that are also part and parcel of the human experience. And they simply aren't dramatic.

"It's gone from storytelling to shock — or a series of shocks," she said. "Some films are brilliant — such as 'Platoon,' but some make no sense at all — they're studies in pornography.

"It seems a kind of sadism and thrashing depravity of people's private lives — and you just go mad. Because if sex reduces itself to four-letter words and visual stimulation, that is sad, because love and excitement are so far away from that. What can life be if we see no beauty in it? What magic is it that makes us like and trust and slave for someone? I have found a lot more excitement and wonder and beauty in life than is now being handed to me in films."

"Some of the things done today are funny — such as 'Tootsie' or "Annie Hall," but many are so vulgar. What is thrilling to me is a beautiful sunset or seeing a deer run through the forest."

The great films of today, she insists, are those that explore human relationships without being vulgar or sensational. "I think the ability to present the simple truth is slightly absent today, but when a picture comes along that has nothing to do with senseless violence or sexual suggestiveness, such as 'A Room With a View,' it can do brilliantly because it will explore who we are and what we're supposed to do and what is

PEOPLE

Pianist Feltsman Plays Concert at White House

After waiting eight years to leave the Soviet Union, the pianist Vladimir Feltsman played his first concert in his new country in the White House on Sunday. Feltsman, who arrived in the United States in August, opened his concert with "The Star-Spangled Banner" and wound it up with an encore performance of Scott Joplin's "Maple Leaf Rag." In between, he played Schubert, Beethoven, Liszt, Rachmaninoff and Debussy. "You request me for emigration to artistic exile in your homeland and long, difficult years," President Ronald Reagan told Feltsman. "That you performed so nobly is proof that you are not only a great musician; it is proof that you are a hero of the human spirit."

Friends have abandoned them and strangers have harassed them, but Geraldine Ferrer said that family members have drawn strength from one another in the midst of legal and personal troubles. "The family's holding up just fine," the 1984 Democratic vice presidential candidate and former congresswoman said before her husband, the real estate broker John Zaccaro, went on trial Monday on bribery and extortion charges. Their 23-year-old son, John Jr., is awaiting trial on cocaine sale and possession charges. A daughter, Donna, 25, is in a training program at an investment house, and 21-year-old Laura is attending Brown University.

The loss of the pioneering spirit that invested filmmaking in its early years has also eroded its idealistic mission, she declared. "Making films today still has the same conviviality, but there seems to be more concentration on money that we're aware of. Louis Mayer and Sam Goldwyn were remarkable creatures because they had a romantic appreciation of the business — they had a sense of love for movies. And today it's, 'What's the record? How well did it do there?' It's become a business. Great big companies own companies and they put in money and they want to see results."

"But women have not benefited in stories because they're writing about lunatic men, or young men, or sexually deprived men, or gay men, and women have become a kind of cheap sex object or a vulgar sex object or an impossible bosomy object. They're not writing anymore about great families when big, big, fascinating female stars used to dominate films."

"Who's Garbo today? When I met her she was magic in your mind — a brilliant actress and fascinating and you didn't think

we're supposed to do and what is

she knew exactly what to say to actors to get the right effect."

Early in her career, Hepburn has attained the mystique of a culture hero because of her outspoken views on women and abortion, her distaste for sham and convention and her fierce determination to be her own boss and protect the privacy of her 27-year liaison with Spencer Tracy.

Even so, she is first and foremost an actress who has made more than 40 films and five television movies and has appeared in more than 30 stage productions ranging from musical comedies to Shakespearean dramas.

Films she laments, are running amok because too many filmmakers confuse realism with the seamy aspects of life — they have lost sight of the heroic qualities and romantic vision that are also part and parcel of the human experience. And they simply aren't dramatic.

"It's gone from storytelling to shock — or a series of shocks," she said. "Some films are brilliant — such as 'Platoon,' but some make no sense at all — they're studies in pornography.

"It seems a kind of sadism and thrashing depravity of people's private lives — and you just go mad. Because if sex reduces itself to four-letter words and visual stimulation, that is sad, because love and excitement are so far away from that. What can life be if we see no beauty in it? What magic is it that makes us like and trust and slave for someone? I have found a lot more excitement and wonder and beauty in life than is now being handed to me in films."

"Some of the things done today are funny — such as 'Tootsie' or "Annie Hall," but many are so vulgar. What is thrilling to me is a beautiful sunset or seeing a deer run through the forest."

The great films of today, she insists, are those that explore human relationships without being vulgar or sensational. "I think the ability to present the simple truth is slightly absent today, but when a picture comes along that has nothing to do with senseless violence or sexual suggestiveness, such as 'A Room With a View,' it can do brilliantly because it will explore who we are and what we're supposed to do and what is

what she was really like. Who's Harlow? Or Bette Davis? Who are they? Jane Fonda may have done very well with her overexercising, but the new female stars are not as thrilling to me — they're not romantic figures. They're not stars anymore — in any field — and I have no idea why, because people obviously long for them."